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CIS

UNION STATION—NATIONAL VISITOR CENTER

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 548

A BILL ENTITLED THE "UNION STATION ACT"

AND

S. 1192

A BILL TO AMEND THE NATIONAL VISITOR CENTER FACILITIES ACT OF 1968 TO PROVIDE FOR THE REHABILITATION AND COMPLETION OF UNION STATION IN WASHINGTON, DISTRICT OF COLUMBIA, AND FOR OTHER PURPOSES

JULY 20, 1981

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UNION STATION—NATIONAL VISITORS CENTER

MONDAY, JULY 20, 1981

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C.

The committee met at 10:08 a.m., in room 4200, Dirksen Senate Office Building, Hon. Robert Stafford (chairman of the full committee) presiding.

Present: Senators Stafford, Gorton, and Randolph.

OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S. SENATOR FROM THE STATE OF VERMONT

Senator STAFFORD. The Committee on Environment and Public Works will kindly come to order.

The committee certainly welcomes Secretary Lewis and the many other witnesses who have taken the time to help us work on a solution to a most difficult and I might say longstanding problem—how to make Washington's Union Station a useful investment for the American people.

The history of this project is a long and a sad one. Many millions have been spent to date in direct appropriations. Close to another $100 million has been spent or committed in mortgage payments.

And what do we have? We have a structure that is closed to the public because it is unsafe. The only usable portion of the project is a small railroad station in the rear, a station that is so cramped and inconvenient that it may undermine the value of the more than $2 billion the taxpayers will spend to improve rail service along the Northeast corridor, from Washington to Boston.

Ladies and gentlemen, I think, frankly, we should say we have a mess on our hands. It might be tempting for Congress simply to walk away from the project and say "good riddance." But I do not believe that would be responsible, given the historical and transportation importance of Union Station.

I believe it is incumbent upon us to seek a method—a cost-effective method—to make that building as valuable as we can, to serve as the transportation hub of the Nation's Capital.

It is my hope that each of this morning's witnesses will help us find a solution to this difficult and unpleasant situation.

I might add that last year Congress directed the Justice Department to examine the legal obligations of the building's owners to make necessary repairs to Union Station. The Department is currently working on that opinion. We will include a preliminary letter, in the hearing record. I have that letter here under date of July 17.

[The letter follows:]

United States Department of Justice

ASSISTANT ATTORNEY GENERAL
LEGISLATIVE AFFAIRS

WASHINGTON, D.C. 20530

JUL 17 1981

Honorable Robert T. Stafford
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your correspondence of June 26, 1981 to the Attorney General. In your letter you request a representative of the Department to testify before the Committee on July 10, 1981 concerning the [illegible]ity for certain repairs to Union Station in Washington, D.C. We have recently been advised that the hearing has been rescheduled for July 20, 1981.

The question whether there is reasonable cause to believe that a party other than the United States is legally obligated for any repairs authorized by the Congress is difficult. Additionally, as I'm sure you are aware, the rendering of an opinion in this matter involves complex problems of facts and proof, which the Department cannot by itself determine. We will be working with the Department of Interior and other agencies to establish these matters. Pursuant to P.L. 96-610, the Department will assist the Committee in its effort to gain a perspective on the issue. However, because the Department's review of the matter is not complete, we do not believe that an appearance at this time would provide the Committee with any new information. We would request therefore, that the Department's appearance be deferred until a more complete review has taken place.

Please do not hesitate to contact me immediately if there is a problem with our not testifying at this time. We wish to be of assistance to you and the Committee.

Sincerely,

SIGNED

Robert A. McConnell
Assistant Attorney General

Senator Stafford. In view of the large number of witnesses, the Chair is going to ask the Secretary—and we are very grateful to you, Mr. Secretary, as I said, for being here—to go ahead, and thereafter we will ask witnesses to summarize their statements as briefly as possible. The statements will appear in the committee record.

At this point I will include a statement of Senator Moynihan.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM THE STATE OF NEW YORK

Senator Moynihan. My statement is brief, for I have said on more than one occasion what I think of the situation just two or three blocks distant. What has happened at Union Station is an insult to architecture, a failure of Government and a nightmare for train passengers. Finally, this year, it has become a menace to public safety.

That Union Station was placed in a prominent location in this Capital City and in a magnificent architectural form, is a credit to the Congress of 80 years past. That it has been nearly ruined is a result not intended, but nevertheless attributable to the Congresses of the past 13 years.

If Congress should enact Union Station legislation this year, it would be the sixth time in 13 years it has done so. Each such enactment was supposed to be the last. This committee reported a bill to make an end of the matter only 3 years ago. It passed the Senate but was not considered by the House. Less than 2 years ago, the House voted on a measure initiated by its own Members—and defeated it resoundingly. Consider the committee hearings and markups and floor debates that this history entails. One wonders if the Congress has devoted as much attention, with such indecisive result, to many other public projects.

It is encouraging that there now seems to be consensus that the building is, after all, best suited to use as a train station. There is some cause for optimism in the willingness of the government of the District of Columbia to dedicate some of its Federal highway money for the project and in the interest shown by private commercial developers. We may finally have the outlines of an agreement on what is to be done. Now if we can but find the money.

By means of providing an historical record to this proceeding, I ask that there be inserted in the hearing record a copy of the legislative history that was included in the staff memorandum and a copy of a superb series of articles that appeared in the Washington Post recounting the rise and fall of the visitors center. I also ask that we include in the record a copy of S. 548 and the statement with which I introduced it in the Senate on February 24 of this year and a copy of S. 1192, which our friends in the Commerce Committee have creatively and conscientiously devised.

And then I ask that we report and enact legislation that will make an end of this matter.

Senator Stafford. Senator Gorton, do you have an opening statement?

OPENING STATEMENT OF HON. SLADE GORTON, U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator GORTON. Just to say that as you know, Mr. Chairman, the Commerce Committee has already looked at this issue with its share of joint jurisdiction over this bill. I chaired that hearing. The Commerce Committee has recommended a bill which is before us now. I look forward to hearing some of the same witnesses and some new witnesses, sharing with you, of course, the goal that we may at last be able to do something to make Union Station both a useful transportation facility and to end the very obvious white elephant which we have over there, both in the station and in the parking garage, at the present time. Shortly after this hearing we may be able to move forward decisively in that direction.

Senator STAFFORD. Thank you very much, Senator. It may be an elephant, but I doubt if it is white.

Mr. Secretary, once again we are grateful to you for being with us this morning. We would welcome your statement at this point.

STATEMENT OF HON. DREW LEWIS, SECRETARY OF TRANSPORTATION, ACCOMPANIED BY DONALD A. DERMAN, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, DEPARTMENT OF TRANSPORTATION, AND ROBERT W. BLANCHETTE, FEDERAL RAILROAD ADMINISTRATOR

Secretary LEWIS. Thank you, Mr. Chairman. With me this morning is Mr. Don Derman, Assistant Secretary for Budget and Programs, and Mr. Robert Blanchette, Federal Railroad Administrator.

The statement which I have submitted to you, with your permission, I would like to make part of the record. Rather than read the statement, I will spare you that and perhaps summarize a few things. Does that meet with your approval?

Senator STAFFORD. That would be fine, Mr. Secretary.

Secretary LEWIS. First of all, we, in the Department of Transportation, are satisfied to have this transferred from the Department of the Interior. However, we would like to have it transferred with proper funding.

The concern we have, as you know, is we have cut back on the number of programs in the Department of Transportation. In the Northeast corridor improvement project we are now budgeted to what we think is a barebones minimum program to establish the accomplishments we hope to reach through the expenditure of these funds. The $23 million that was budgeted for this particular station is no longer in our budget. We do not feel there is adequate funding within the present budget as currently contained where we cut it $325 million to fund this program.

Also, we are concerned about taking money out of the Federal highway program. As you know, we are redefining the Interstate System. Again, I think we have a barebones kind of a budget, and there would not be adequate funding in that budget to see a project of this type, which really does not add anything of any real value to the Interstate System, consume funds that are needed elsewhere.

The next point I would like to make is if we are going to get involved in this, we would like authority from Congress to see that we have a clear title. You indicated the tremendous investment we already have in this program. As you know, we are talking about funding it at $3.5 million for another 5 years. Then we would have 15 years of payout of about $1.5 million in mortgage for another $30 million. We probably have more money invested in this property than the ground is worth, which is probably the real value at the present time, if it were not for the fact it is a historic property.

What we would like to do is not have you give us any specific funds today or try to be too definitive on the project itself, but we think what is needed here—and we can do this promptly—is to do a marketing and enginering study, the total funding of which we think would be less than $1 million. It would probably be $300,000 to $400,000 for the engineering study.

We can't get private developers to come in here and look at the property until we see if it is properly sound. So we should get an engineering study to look at the structure of the building.

In addition to that, we would need a market feasibility study, running from about $350,000 to $500,000. We believe we can complete that in 6 months' time from the time you give us the authority to proceed with it.

At the same time, what we would like to do is start meeting with private developers. It is our feeling, if we can acquire the additional ground, which I believe is now owned by the Chessie, if I am correct, that you probably can make this into a worthwhile commercial project.

I think we should point out, however, that if the return on the investment of, let's say, that private developer, based on an investment of about $25 million, would be $2 million to $3 million, there is still going to be a very considerable sum contributed by the Federal Government, probably in the range of somewhere between $60 million and $80 million, to see this project finally come to fruition.

The bottom line of what I am saying is we would be pleased to accept the responsibility. We think it is a very exciting project. We are worried about the benefits from a cost standpoint. I think the Congress should recognize that as you look at the funding needed to see this project to its completion.

That is all I have, and we would be glad to try to answer any questions you might have.

Senator STAFFORD. Thank you very much, Mr. Secretary.

Union Station, as utilized for trains, really is a southern anchor of the Boston-Washington corridor operation, is it not?

Secretary LEWIS. Yes, it is.

Senator STAFFORD. So that without an adequate station there, it puts the success of the whole corridor in some jeopardy. Would that be a fair statement?

Secretary LEWIS. I think that is true, with this exception, that we believe—and we have not officially talked to Allen Boyd about this—there is a possibility of not using the entire station and adequately handling Amtrak traffic in considerably less space than we do in this project. We were strictly looking at this for the termination of the Northeast corridor. We could probably complete the whole project for $20 million to $23 million and not the $110 million we are talking about for this project.

Senator **STAFFORD**. Should the $45 million in the fiscal year 1982 budget for the Northeast corridor be allocated as proposed in S. 1192 for Union Station renovation, what corridor projects would be delayed as a result? Are there any other railroad funds which are available from which the $45 million would be better taken?

Secretary **LEWIS**. In the Northeast corridor, we have eliminated some of the high-speed features of that line plus the electrification from New Haven east of Boston. With that $325 million out, all we have remaining in the Northeast corridor project are those funds necessary to give us adequate, safe rail service between Washington and Boston. So we do not feel that there are funds available in the Northeast corridor project; nor, for that matter, are there elsewhere in the Federal railroad budget. We have just cut too much to take $45 million out for this project.

Senator **STAFFORD**. Approximately 5 years ago DOT commissioned a $1.5 million study of Union Station that recommended its return to use as a railroad station. Is that study no longer valid? Did that study not give detailed recommendations on repairs needed to make it sound?

Secretary **LEWIS**. I did not see that specific study. Perhaps it is one I did see because I saw a number of studies.

Basically at this time if we were trying to develop a railroad station for this particular location, we would not use Union Station as a structure just because of the tremendous costs to rehabilitate it. Again, as I indicated earlier, we think there could be a more satisfactory solution to Amtrak's problem.

This does not mean, however, as this project develops we would not be in total support of having this be the final terminus of Amtrak. I am trying to answer the question as if you didn't have that building there.

Senator **STAFFORD**. The committee has heard about the so-called Skidmore-Owings study. Is there such a study? We believe there may be. Did it not examine the structural costs for the Union Station building?

Secretary **LEWIS**. We do have that study and that can be made available to you. It comes up with a final completion cost of about $110 million. In fact, I have some of that detail with me today. Rather than take the time, I think it would be more satisfactory if I submitted that in writing.

Senator **STAFFORD**. If we could have that submitted for the record, we would appreciate it.

Is it correct that previous DOT studies failed to provide the necessary structural information to learn what has to be done?

Secretary **LEWIS**. That is correct. That is why we have to make that structural study before we get anybody interested or have any idea what the total funding would be.

Senator **STAFFORD**. I think you indicated you could complete a study at a rather minimum cost, as things go down here, in about 6 months.

Secretary **LEWIS**. That is right. That would be a preliminary marketing study and a review of the structure itself. Then, following that, you are probably talking about additional engineering required. It could be $6, $8, $10, actually, before we would get to the point where we could start the project; probably in the neighborhood of $12 million. Rather than appropriate that, we would rather come in with specific figures so we could tell you exactly what we think would be needed.

You are probably talking about a total timetable to complete this project of about 5 years. So if we are going to get on with it, we should get these preliminary studies behind us so hopefully by the first of the year we could come back for the funds.

Senator STAFFORD. Do you need authorization for the preliminary 6-month study?

Secretary LEWIS. My understanding is we do.

Senator STAFFORD. Thank you very much, Mr. Secretary.

Senator Gorton?

Senator GORTON. It always brings a little bit of a dubious response to say we need another study.

Secretary LEWIS. Right.

Senator GORTON. Are you convinced that we have to spend the 6 months to 1 year on a further study of this facility before we can do anything about it?

Secretary LEWIS. Senator, I have been involved in a project not too dissimilar to this in Philadelphia, which is the development of the Reading Terminal. I am convinced from studies which I have seen we are not in a position to know what can be done with it commercially now or what the structural foundation of the building is. The Harbor in Baltimore and Quincy Market in Boston were a part of the study we did with the Reading Co. at the time we started that development.

I think it would be very foolish for us to appropriate large sums of money until at least, if we have the responsibility in the Department of Transportation, and that is your determination finally, we know where we are going and can really look at something that is solid.

From what I have seen, yes, you are right; everything is studied to death down here. But we are not talking about a large amount of money in this particular instance. From my standpoint, I know from the Federal Railroad Administrator, we are going to be much more comfortable if we know where we are going. I don't think we do know. We have spent a lot of money. It has been batted around from Commerce to the Department of the Interior. We didn't know where we had the responsibility. Nobody has really looked at what can be done with the structure and what it will cost to improve it.

Senator GORTON. But you have given us a set of figures for a Federal investment which are approximately the figures contained in S. 1192, when you combine both the direct investment through the corridor funds and the indirect investment that is the District of Columbia's share of interstate highway funds?

Secretary LEWIS. Yes. But what we have done here is taken studies already in existence that we are not sure are accurate. With this last water damage, we really don't have anything that brings us up to date in terms of the structural damage. That has to be looked at again before we make a conclusion.

For example, on these figures we have, a $110 million total investment, I think you have a figure of about $80 million, I don't know whether those are right or wrong. I would be very uncomfortable moving ahead with them unless we took the 6 months and made a review of the structural damage and made a realistic evaluation of the commercial aspects of this building.

It is a pretty clear an investment of $110 million. This is a very poor investment for the Government and it is not going to be commercially feasible. Therefore, what we are trying to do is see what aspect of that particular area of the city could be tied in perhaps with the ground rights that could be developed into an office building or perhaps in some way to turn the interior of the building, without hurting it in any way architecturally, into something like a Quincy Market would be or a Harbor Place in Baltimore. There are a lot of things that should be considered that have never been considered. What I am trying to say is, let's have a sound plan before we start spending money. Then we will have a much more realistic picture of what we need.

Senator **Gorton**. What is the study going to show you about the parking garage, even assuming you are correct about Union Station itself? You have a very large Federal investment over there now. There is absolutely nothing. I presume that any study is going to say that a certain amount of money is appropriate if we are completing a parking garage there. At the very least, why shouldn't we go ahead with that now? If we do, what is wrong with using D.C.'s share of the interstate highway funds?

Secretary **Lewis**. First of all, District of Columbia's share we would like to see used on the interstate and not on that project because this is certainly not anything that furthers the interstate system. Even with the other funds allocated to them, we can't find any way they can justify this as helping the interstate system in this country. It is for that reason we are opposed to that.

As far as the parking garage itself is concerned, we would like to look at that in the context of the overall project. Should we have intercity bus service out of there? Should we have service to Dulles International? These are the things we really don't know. We don't know what kind of parking facilities are going to be needed in relation to the commercial aspects of Union Station or commercial aspects that might be developed around the station.

Senator **Gorton**. Thank you, Mr. Chairman.

Senator **Stafford**. Thank you very much, Mr. Secretary. Since many of the members aren't here and, unfortunately, the committee is in conference between the House and Senate on the budget reconciliation resolution—they are now in progress—when other members read the record and your testimony, they no doubt will have some questions in writing. If it would be agreeable to you, sir, we would ask you to answer them in writing at your earliest convenience and get them back to the committee.

Secretary **Lewis**. I would be pleased to do so.

Just in conclusion, if you have no more questions, I think it is important, that we look at the project as a whole and not try to piecemeal it into a parking garage, into an Amtrak station, into an office building across the street. Let's look at the whole project and then move ahead rather than to try to do something that ultimately we may not think is in our best interest.

Senator **Stafford**. Speaking individually as the chairman of this committee, I thoroughly agree with what you are saying, Mr. Secretary. We should do what you say.

Secretary LEWIS. Thank you, sir.

Senator STAFFORD. Mr. Secretary, do you anticipate any problem with the administration in getting enough money for the preliminary 6-months study that you indicated?

Secretary LEWIS. I have not cleared that with Mr. Stockman, but I think for $1 million I will be able to work it out.

Senator STAFFORD. All right. Thank you very much.

Secretary LEWIS. Thank you.

Senator STAFFORD. The next witness will be Hon. Richard R. Hite, Deputy Assistant Secretary for Policy, Budget, and Administration, Department of the Interior.

Mr. Hite, will you come forward to the witness table. Since this Senator has to go to a committee conference on the disagreeing votes between the House and Senate on health matters in the budget reconciliation authorization, I would ask Senator Gorton if he could preside over the hearings.

Senator GORTON [presiding]. Mr. Hite, you may proceed.

STATEMENT OF HON. RICHARD R. HITE, DEPUTY ASSISTANT SECRETARY FOR POLICY, BUDGET, AND ADMINISTRATION, DEPARTMENT OF THE INTERIOR

Mr. HITE. Thank you very much, Mr. Chairman. I would like to submit my prepared statement for the record, if I may, and simply summarize the current status of the Union Station facility by informing the committee that we are proceeding with the roof repairs; $2.5 million directly appropriated are being utilized to complete the refurbishment of the main bowel of the roof over the basic structure. That is about 30 percent of the work that needs to be done. That should be completed by the end of August, as I understand it, and we propose to reprogram $7.4 million of funding in fiscal year 1982 which would complete the work on the roof.

Aside from that, we have budgeted the $3.5 million, which is our annual lease payment, and a very small amount, a couple hundred thousand dollars, in addition to that, to pay the utility costs associated with keeping the facility in what is now a standby status.

Aside from that, Mr. Chairman, we support Secretary Lewis remarks. We support the concepts embodied in S. 548, S. 1192, to transfer the cognizance over this facility to the Department of Transportation.

This facility's attempts to convert the structure to a visitors center has had a long, complicated, and primarily disappointing history. I won't go into it unless you want me to, sir. I prefer not to.

I would only remark that the main thrust was always to preserve this magnificent structure for the District of Columbia and its environs. Many things have happened since 1966 when the visitors center concept was first put forward. I think most significant is the re-emergence of rail passenger traffic as a viable means of transportation between cities in the Northeast corridor particularly. I would not in any way attempt to tell Secretary Lewis what his business and his budget is, but it would be most helpful to the overall completion of the structure if those $35 million of Federal highway funds allocated to the District could be utilized for the parking facility. I would suggest to Secretary Lewis and to you, sir, that it is very possible that the planning work and engineering studies that have been done on the parking facility might satisfy the Department of Transportation and alleviate the requirement for the study funding which Secretary Lewis mentioned.

Mr. Gorton, that is my statement. I am here to answer any questions you have.

Senator GORTON. Has Interior ever made a structural study of the building?

Mr. HITE. Yes, sir, we have. I am going to have to call on Jack Fish to give me the details. Mr. Fish is, as you know, the Director of the National Capital Region. Together with me he is one of the responsible individuals in this area.

Mr. FISH. Mr. Chairman, we did have a couple of engineering firms do the estimates a few years ago. They did take a fairly close look at the structure at that time.

I think what Secretary Lewis was referring to, it seemed to me, was since the problems we have been having with the roof, that perhaps an additional one might be in order.

Senator GORTON. Is that your view?

Mr. FISH. I think it would be helpful. I would agree with Mr. Hite as far as the parking is concerned. Fifty percent of the upper four floors are constructed now. It would seem to me you could just take the plans that are in existence and continue; although again Secretary Lewis seemed to be thinking maybe in terms of using the parking facility for perhaps other than parking. I don't know.

Senator GORTON. Why should it take $35 million to complete that parking facility? That seems to be an extraordinarily large amount of money.

Mr. FISH. It is. But we have looked at it. We have updated the costs. There is the completion of the four levels of private car parking. But there is also needed the completion of the ramp from the east side of the building around to the parking, to the first level of the parking garage, that is being used now by Metro. Then there is the completion of the ramp around from the east side of the building to the lower level which would deposit the rail passengers in the front of the current rail station. So you would have those ramps.

Then, in addition to that, Mr. Chairman, you would have a little esplanade that would go out under the ramp that would go up to the bus parking which would provide some lobby space, lounge space, for the rail station. So that would pretty well cover the $35 million.

Senator GORTON. But is it correct, if I understand Secretary Lewis correctly, that we simply have no knowledge of the basic integrity of Union Station itself?

Mr. FISH. No, sir. I mean we do, when we have had these engineering firms in there.

Senator GORTON. Did your engineering study of a couple years ago anticipate the roof problems, that it would close the building?

Mr. FISH. Yes, sir. Not that it would close it, but it needed to be done; that if it didn't get done, we would have to close the building. But there are some structural problems that we have determined in the north wall, in the column under the north wall of Union Station, that are anticipated in our estimates.

Senator GORTON. Thank you very much, both of you.

Mr. HITE. Thank you, Mr. Chairman.

Senator GORTON. Our next witness will be Mr. Thomas Downs, Director of the Department of Transportation for the District of Columbia.

As is the case with previous witnesses, we will print your statement in its entirety in the record. If you wish to shorten it somewhat or summarize it, we would appreciate it.

STATEMENT OF THOMAS DOWNS, DIRECTOR, DEPARTMENT OF TRANSPORTATION, DISTRICT OF COLUMBIA

Mr. DOWNS. Senator, I have provided copies of the testimony. With your indulgence, we will go straight to several points that I think are important to emphasize.

First of all, let me say it is a pleasure to be testifying before you again.

Senator GORTON. We are still here.

Mr. DOWNS. I would also like to say that I am pleased to see that the administration and the U.S. DOT is now in support of some action on Union Station and has agreed to take some responsibility for its completion.

At the risk of seeming to refute the Department's suggestion about further study for Union Station, quickly this morning I had pulled out of the files in the office everything we had that had been funded so far by the Federal Government as a study of Union Station. Both of these stacks are studies that have been funded so far either by the Federal Rail Transportation, Office of the Secretary, the Urban Mass Transit System, and various other governmental entities, including the Department of the Interior.

I think it is safe to say it has been studied to death. Unfortunately, you can't make this paper have the building function any better.

The reason that the District of Columbia has proposed the utilization of the interstate funds, which the Secretary found somewhat objectionable, is that a number of precedents have been set, and it has been accepted as legitimate that is a valid interstate project as an intercept parking facility on the Interstate System.

As I pointed out before, the H Street viaduct and that ramp off of the center lane is a part of the Interstate System and has been since I think 1972, when it was added as a part of the Bicentennial project, specifically to insure a connector to Union Station. The H Street viaduct itself was constructed out of interstate funds at 100 percent Federal funding, and at that time the interstate cost estimate was not increased to absorb that additional cost.

I think the Federal Highway Administration and the Department have the authority to authorize the expenditure of interstate apportioned funds which come to the District this year and next year which will lapse. In other words, we are not using them. The 2-year period for lapse will be up, and I think this year we will lapse approximately $40 million and next year somewhat less. But after that, because of both the withdrawal of existing interstate segments and the use of some interstate funds, 1981 and 1982 are the only 2 fiscal years where it is possible to use District of Columbia interstate lapse on this project. In other words, if something is not done now on the use of those funds, it would take a new appropriation to create the $32 million to $35 million necessary to complete the parking.

I might also say that one of the reasons for the cost of $35 million is the ramp itself is a large-scale bridge around the eastern side of the station itself and takes a substantial amount of construction.

In addition, I understand that substantial portions of the original construction, including all of the escalators which were left in place, without appropriate funds to maintain them, will probably have to be pulled out and replaced. Major parts of the construction will probably have to be redone because of the fact that large parts of the structural steel were left exposed to the weather for almost a decade in some cases.

The project is also suffering, the same as every other major construction project, from the increasing prices for major contracts on construction. I would only suggest the longer it goes, the more expensive it gets.

Senator, if I can answer any questions about our involvement in the Union Station project, I would be glad to do so.

Senator GORTON. I take it it is your belief that the garage project is an integral part of the Interstate System rather than being unrelated to it?

Mr. DOWNS. As a legitimate interstate interceptor and a way of providing a means of intercepting traffic before it gets into the core downtown, the answer is yes. As a means of providing an alternate mode of transportation into a downtown area—in this case rail, taxicab, the interface with the Northeast corridor—I think it is a legitimate interstate project.

Senator GORTON. Do you think we can glean enough knowledge from the combination of those studies you have there with you to be able to authorize specific amounts of money for repairs, the cost of which we can reasonably estimate?

Mr. DOWNS. Senator, with one exception, and that is the final detailing of the ramp. Both the plans as built and the plans the contractor was using for construction at the time are already available. They are detailed construction plans. It would take very little in the way of an engineer's assessment of what is salvagable off the current assessment that is not being used and the authorization for bids on a contract.

Senator GORTON. But you are speaking only about the parking garage itself and not the station itself.

Mr. DOWNS. The station itself, I don't know if there has been an accurate assessment by the Department of Interior of the damage caused by the roof leak. But as I understand it, the remaining elements in the garage, the mechanical, structural, have all been assessed time after time, after time. I think there is more than enough information available to make an accurate cost determination.

I think part of the problem has been that the costs have been assessed, but which pot of money paid for those was always a question. Once they were shuffled from one pot of money to another pot of money to another pot of money, they became orphans. People lost sight of I think what the actual costs involved were. I think it is a matter of updating cost estimates that are now probably 2 or 3 years old to current bid price levels.

Senator GORTON. We may have some additional questions, written questions, for you for the record. But as of now, I am completed. Thank you very much.

Mr. DOWNS. Thank you.

Senator GORTON. The next witness will be Larry Gilson of Amtrak.

STATEMENT OF LAWRENCE GILSON, VICE PRESIDENT FOR GOVERNMENTAL AFFAIRS, AMTRAK

Mr. GILSON. Thank you, Senator. I would request that my whole statement to be included in the record.

Senator GORTON. We will be happy to grant that request. It will be included in the record in full. If you could highlight it and reflect on some of what you have already heard this morning, we would appreciate it.

Mr. GILSON. Yes, Senator. I would be pleased to.

I think that the Union Station problem needs a fresh approach, and we think that the concepts embodied in the two bills that are the subject of this hearing provide an opportunity for that fresh approach.

We come to the hearing and to this problem from a unique perspective. We are operating a train station under somewhat difficult and awkward circumstances at the present time. So, notwithstanding the discussion about further studies and analyses of one kind of factor or another, so long as the problem continues, we will be operating on a basis which we believe is less than the level of service which we consider appropriate to provide our rail passengers.

We now serve about 4 million people a year at Union Station. That is a significant number. It is a number which by FRA's estimates will grow by 100 percent to 9 million by 1990, only 9 years away.

We do not have an adequate train facility there at the present time. There is no prospect of making the current patchwork, temporary arrangement adequate, given the passenger volumes which we expect and which we are depending on in order to improve our overall financial standing.

By way of comparison, the Baltimore-Washington International Airport handles about a million people fewer per year than does our lean-to behind Union Station. The same is true, for example, of Indianapolis Airport, a good-sized airport, which again handles in the neighborhood of a million people fewer per year than we handle at Washington's Union Station. That probably will only get worse as our traffic volume increases.

We believe that there is a solution here, and it is a solution which combines the use of several sources of funds, all of which have been discussed today. One of the questions which seems to have loomed largest in the presentations made up until now is the question of the commercial viability of an effort to restore Union Station both to a rail facility and to have a mixed use that would include shops, restaurants and the like.

We had some questions about this as well. In order to answer the questions to our satisfaction, we contracted with the Urban Land Institute, which is the nationally recognized independent group of commercial developers in the country. They assembled a panel to look at this question, and they concluded, without equivocation, that the Union Station facility did hold the potential for a successful, profitable commercial enterprise. They assumed in that analysis that there would be a train station in the facility, not only in order to accommodate rail passengers but to provide the traffic volume, the customers, that would make the commercial potential a real one.

They also assumed that there would be a single entity that would be responsible for coordinating the development and the operation of that multiple-use Union Station facility.

We have a copy of their report, which I would like to leave with you, Senator Gorton, and which, if you wish to put it in the record, I think it would provide a good basis approach.

Senator GORTON. It will be put in the record. (See p. 72.)

Mr. GILSON. Thank you.

One of the particular reasons that we feel commercial develcial development can be successful and should be pursued is that at present, as you know, the Government is obliged to pay $3.5 million a year to a group of railroads for this facility, whether it is used or not. We think that there is sufficient chance for a positive cash flow from the commercial development to help defray that $3.5 million annual cost. We think it is in the public interest to try to introduce private investment into this so the taxpayer will not have to bear the full burden of that cost and it can be shared by commercial users.

We also think that there will be significant benefits to the surrounding community. It will create problems. It will put the facility on the tax rolls through sales taxes and other means and in general will provide an economic anchor to improving a portion of downtown Washington that we think would be highly desirable both from a rail passenger and from a commercial point of view.

As to the role which Amtrak might play in such an integrated commercial development, we believe that notwithstanding the long and difficult history of this, we are ready to bite the bullet and assume the responsibilities, if the Senate will give them to us, to manage the total facility. We would be willing to enter into a lease with the Federal Government to manage the entire property, in exchange for which we would, of course, have a lease payment which we believe would offset a portion of the annual cost to the Federal Government that the Government now incurs without any compensating revenue. We think we are qualified to do this. We already have major real estate holdings around the country from which we generate in the neighborhood of $16 million in revenue each year.

We are embarking on a major effort to expand and diversify those real estate holdings, to introduce commercial development, and we are doing so now in several places around the country.

For example, we are a 50-percent owner in the Chicago Union Terminal Co., and we have just through that terminal company contracted with the Tishman Co., to build a 22-story office building on that site. That I think is a reasonable comparable experience.

We are now working with a major national developer to develop a plan for 55 acres of air rights, mixed-use development at Philadelphia's 30th Street Station. We think that experience has a great deal of parallelism with the type of potential which can exist in Washington.

So for these reasons we think that we have both the experience and, as a practical matter, we have almost an obligation to engage ourselves in the full solution to this problem and not focus only on the rail aspects of it. The obligation is really to our passengers, because at the present time, they are walking in the neighborhood of a quarter to a third of a mile from where the taxis and buses drop them off, or private cars, to a train station where the roof leaks, where there is no waiting area for long haul passengers, and where we have insufficient space to accommodate the current, let alone the expanded, traffic volume.

In order to solve our immediate rail needs, we think we need to be a total participant in this area.

Senator GORTON. What will be the impact on Amtrak if nothing is done?

Mr. GILSON. I think it will have an adverse effect on riding passengers. It will have an effect of making us incur costs which will be unproductive.

When the parking garage was originally planned, there was to be a weatherproof roof on it. Because the parking garage was never completed, that roof does not exist, and therefore the ceiling of our station leaks. That caused us to incur really unnecessary and unproductive maintenance costs. Undoubtedly, those will continue until we find a solution.

That is an example of what would be a myriad of operating difficulties that we would continue to incur if the present circumstance continues.

Senator GORTON. Is Amtrak willing to invest any of its own funds in the improvement of Union Station, especially in light of the fact that it would appear that reconciliation will result in an appropriation to Amtrak smaller than the administration originally recommended?

Mr. GILSON. Senator, we are what I think euphemistically is called cash poor. We do not have any investment money available. However, we do have a budget to operate a train station in Washington. We think it would be a more productive use of that budget to put that money into the operation of a station in Union Station and not in a lean-to behind it.

Senator GORTON. How much is that?

Mr. GILSON. I can supply the number. I don't have it available at the moment.

[The information referred to follows:]

Washington Train Station, estimated costs, fiscal year 1981

Superintendence	$74,900
Station maintenance	121,450
Station employees	538,300
Station supplies and expenses and heating	332,300
Health, welfare, payroll taxes and employee injuries	260,600

Real estate taxes and depreciation	102,260
Accounting and miscellaneous expenses	41,500
Total	1,471,310
Less: Station revenue	434,500
Net expenses	1,036,710

Mr. GILSON. In addition, the Northeast corridor improvement project funds are ones which we hold dear to our heart. The law says that Amtrak will assume the total responsibility for the NECIP program by October 1, 1985. Our support of the Senate bills, which contemplates the use of a portion of that NECIP money for this purpose, we think is in a sense a contribution of scarce resources.

Senator GORTON. In other words, you would support the concept of S. 1192. Out of what other Northeast corridor projects would that amount of money be likely to come?

Mr. GILSON. Senator, we do not know specifically. We think that Washington's Union Station is a very high priority for us. There are tradeoffs that would have to be made. We are prepared to make them.

Yes, we do support the Senate legislation. We would want to be a full party in deciding how the tradeoffs would be made and what program elements would have to be deleted or reduced in order to make it possible.

Senator GORTON. You own property around Union Station now?

Mr. GILSON. Yes, sir, we do. We own the Washington Terminal Co., which is essentially the property beginning with the tracks behind the station and extending out along the route you would take if you were taking one of our trains into the Northeast. We own that. We had an interest in it before we bought it outright, using some of our own resources and some money from the NECIP program, in order to provide the site for a maintenance facility for the equipment which we need to operate the Northeast corridor which is contemplated in the NECIP.

Senator GORTON. Thank you very much.

Mr. GILSON. Thank you.

Senator GORTON. Next we will hear from Peter Martosella, executive vice president and chief operating officer of Penn Central Properties Division, Victor Palmieri & Co.

STATEMENT OF PETER MARTOSELLA, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, PENN CENTRAL PROPERTIES DIVISION, VICTOR PALMIERI & CO., INC.

Mr. MARTOSELLA. Senator, I have submitted a statement for the record.

Senator GORTON. We will include it.

Mr. MARTOSELLA. I have summarized my remarks, which I will take about three or four minutes to present.

My appearance here today is in response to Senator Stafford's invitation to Penn Central to testify on S. 1192 and S. 548, bills concerning the completion, repair, renovation and acquisition of the Union Station. My comments, however, will be restricted to that section of S. 1192 which would authorize the United States to purchase the property interest under the National Visitors Center lease.

Since 1972, Union Station has been controlled and maintained by the Department of the Interior under a long-term lease jointly from Terminal Realty Penn Co., a wholly owned subsidiary of Penn Central, and Terminal Realty Baltimore Co., a subsidiary of the Baltimore & Ohio Railroad Co.

The United States leased the historical station building to convert and use it as the National Visitors Center.

Under the terms of the 1972 lease, the United States pays Realty Penn and Realty Baltimore annual rent of $3,338,136 plus an amount for property tax rent, provided the total annual rental payments do not exceed $3,500,000, from which Realty Penn and Realty Baltimore make first mortgage payments to Emigrant Savings Bank of $1,418,856 annually plus certain property tax payments.

The obligations of the United States to Realty Penn and Realty Baltimore under this lease continue until the year 2001. As you may know, Penn Central and Baltimore & Ohio Co. recently offered to sell their interests to the U.S. Government. This proposal was contained in a letter dated March 3, 1981, which I sent to Interior Secretary Watt. That letter contained two alternative offers.

Under the first alternative, we proposed that the Government purchase Realty Penn's and Realty Baltimore's interests in the Union Station for $2,275,000 in cash at closing and five subsequent annual payments of $2,275,000. In addition, the Government would assume the first mortgage payments to Emigrant Savings Bank and Realty Penn and Realty Baltimore would be relieved of any past, present or future obligations under the lease and related agreements.

Under this proposal, the United States would pay $13,650,000 over a 6-year period to Realty Penn and Realty Baltimore and a total of approximately $28.4 million in mortgage payments, with the principal and interest at 7½ percent, over a 20-year period to Emigrant Savings Bank, instead of a total of approximately $69.5 million, which is principally in rental payments, over approximately 20 years, for a net cumulative cash saving to the United States of almost $28 million.

Under the alternative offer, the United States would acquire Realty Penn's and Realty Baltimore's interests in the National Visitors Center for a single $11 million cash payment at closing and have to make monthly rental payments up to the time of closing. As in the first alternative, the Government would assume the first mortgage payments to Emigrant Savings Bank and Realty Penn and Realty Baltimore would be relieved of any past, present or future obligations under the lease and related agreements. Under this transaction, there would be a net cumulative cash saving to the United States of over $80 million over the 20-year period.

Of course, such a transaction would be conditioned upon necessary statutory authorization and appropriation. Accordingly, we favor enactment of such statutory authorization so as to permit the United States to acquire the Visitors Center, if and when Realty

Penn, Realty Baltimore and the Department of the Interior enter into a definitive contract.

As I indicated earlier, there are advantages to the United States in acquiring the National Visitors Center, primarily in the form of substantial cash savings over the life of the lease. We have proposed this transaction, however, because it would be in Penn Central's interest as well.

Before concluding my testimony, I wish to bring one technical matter to the committee's attention. Given the character of the transaction which we presently are discussing with the Department of the Interior, we hope that any bill approved by this committee will contain language which allows for the single cash payment alternative or the multiyear payment alternatives of the purchase price.

In addition, in the first fiscal year of the transaction, funds sufficient both for monthly rental payments, up to the time of closing, and for the single cash payment alternative or initial cash payment for the multiyear payment alternative on closing, as well as the assumption of the mortgage payments for the remainder of the year, must be appropriated.

I hope that this testimony has been helpful to the committee. I would be happy to answer any other questions about possible acquisition by the United States of Penn Central's and B. & O.'s interest in the National Visitors Center. My colleagues and I will continue to be available to the committee and its staff as it considers statutory authorization of such acquisition.

Senator GORTON. Why is one of these two alternatives in Penn Central's interest as well as in the Federal Government's?

Mr. MARTOSELLA. Penn Central originally was involved in the Union Station and the Visitors Center. Now that Penn Central is no longer a railroad, it is out of that business and has for some time had a major liquidation program of its non-rail-related assets. This asset is one of its non-railroad-related assets now. It would prefer to defer this 20-year cash stream into more ready cash so it could utilize it for its activities.

Secondly, although Penn Central has no further obligations under the lease, there are administrative costs and other matters to deal with on a day-to-day basis, such as insurance, real estate taxes, certain legal matters that have occurred. These are essentially the reasons why Penn Central would prefer to sell the asset.

Senator GORTON. Perhaps you can help us with one matter that may be slightly out of your area, but Secretary Lewis stated that the Department of Transportation would consider acquiring the adjacent C. & O. Railroad property to make the Union Station property a more viable development. Do you have any opinion on this?

Mr. MARTOSELLA. I do not, Senator.

Senator GORTON. Senator Randolph has joined us. Senator, do you have any questions or any statement?

Senator RANDOLPH. Thank you very much, Senator Gorton. I regret that previous appointments kept me from being present to hear the Secretary of Transportation, Mr. Lewis, and others. The list of witnesses certainly seems to be compiled with the feeling that their suggestions and recommendations can be helpful to us in the continuing involvement of this committee and the Congress in arriving at a solution to the problems of the Visitors Center and the Union Station.

I first came into Union Station on a day coach which I boarded in West Virginia and rode all night to be here the next morning. That was approximately 1912 or 1913. I didn't come, Mr. Chairman, to see the U.S. Capitol or the Union Station or the White House. I came to see Ty Cobb play baseball. I remember that visit. I sat in the bleachers in the hot sun and saw the game at the old Griffith Stadium. I was perhaps 10, 11, 12 years old. I have an autographed baseball with Ty Cobb's name on it, the highlight of my life. He could unbelievably field and run the bases and also drive in not only himself on a home run but others on the bases. He was a phenomenal baseball player.

I wish there was some phenomenon that could help us solve this problem in reference to the Union Station and the Visitors Center. The dreams have often been shattered, really, by what we had thought would be worthwhile.

We have had this subject matter in the committee for a long time. We felt that decisions were being made and reflected in the action of the Congress, with cooperation of the private companies involved, that could make this a place of real value, especially to those who would come to the Nation's Capital.

I just had the opportunity of noting what our able chairman, Senator Stafford, has said this morning. I think he expresses my feeling. If I may, Mr. Chairman, I shall just read again his discussion of this matter. Perhaps we just should forget it all in essence is what he is saying. But then he indicated:

> But I do not believe that would be responsible, given the historical and transportation importance of Union Station. I believe it is incumbent upon us to seek a method—a cost-effective method—to make that building as valuable as we can, to serve as the transportation hub of the Nation's capital. It is my hope that each of this morning's witnesses will help us find a solution to this difficult and unpleasant situation.

Senator Gorton is from a State where they have no problems of this kind. Perhaps you have a new approach that can help us. I am not sure that I should ask you this question, but do you feel you can attach yourself to this problem and continue to lead, along with our chairman and others, in doing something?

Senator GORTON. For some reason or other I seem to be the only member who is on both this committee and the Commerce Committee, so I have gone through much of this testimony twice. I hope maybe we can get a joint approach of the two committees. It would have that much better an opportunity of being successful.

Senator RANDOLPH. Does anybody know how many passengers come into and leave Union Station?

Senator GORTON. The testimony just a little earlier was 4 million a year, with a projection of as many as 9 million by the end of this decade. That is a very, very large number.

Senator RANDOLPH. Yes.

I thank you, Senator Gorton. I have wanted so much to do something that was positive in this matter. We have tried many times and it has been rather frustrating.

There certainly are answers that can be found. I hope we will not drop this subject with the conclusion of the hearing. I commend to you the leadership that you and the chairman will have. I will stand alongside of you and in the future try to be present and a part of these hearings as much as possible. Thank you.

Senator **Gorton**. Thank you, very much, Senator Randolph.

Thank you, Mr. Martosella. We appreciate very much your appearing here.

Mr. **Martosella**. Thank you, Senator.

Senator **Gorton**. Our next witness will be Charles Horsky of the Federal City Council.

Perhaps it would be appropriate to take the next three witnesses at the same time as a panel and hear from all of you, as we are beginning to run out of time. Mr. Spear, Mr. Carr and Mr. Mendelsohn, would you also come up at the same time? We will start with Mr. Horsky.

STATEMENTS OF CHARLES HORSKY, FEDERAL CITY COUNCIL; MIKE SPEAR, EXECUTIVE VICE PRESIDENT, THE ROUSE CO.; AND ROBERT H. MENDELSOHN, MENDELSOHN ASSOCIATES

Mr. **Horsky**. I appear here representing the Federal City Council, a group of about 125 business and civic leaders in Washington.

We have done a great deal of work trying to resolve the problem of Union Station and the Visitors Center, recognizing it as a blight on our city and something that really does require some solution.

We think that the bills that are before you are a solution. We applaud the willingness of the District of Columbia to participate with its highway money. We think it is entirely appropriate that some portion of the Northeast Corridor funds be used for the Union Station. As Mr. Lewis said, not a dime of that money is now allocated to the Union Station. Yet it is the anchor, the southern anchor, of the whole system. In addition to that, it is a landmark in Washington.

It is possible, I suppose, that some further study might be appropriate, but what I would urge upon you, Senator, is that you enact these bills and not let the matter go over another 6 months and have another hearing and another session, and include in the bill, if you wish, some appropriation for additional studies if they seem to be necessary, but not have the matter postponed again for 6 months or a year, as it has been over and over and over again.

I think this is the fifth time I have testified on this matter over the years. I would hate to see this initiative, which seems to be so promising and which seems to have the fundamentals of a solution, go by the board simply because we ought to have another study.

Let me say one other thing about the use of the money for completion of the garage and the ramp. You may not be aware of just how important that ramp is.

At the present time, if a person goes and gets on a train, he gets in at often the front of the building and walks around it and into the station which is at the back. The original concept, which was half finished, was that there would be a ramp around the back of the building which would drop passengers by taxi or bus right at the train station. It is that ramp which is included in the $35 million and which then would make available to people who use the station, while the station itself was being developed by I hope commercial developers and others, would make it possible for train passengers to debark right in front of the train station.

That ramp is terribly important. It is also quite expensive because it was only half done. It is that money which the District of Columbia is willing to participate in in this project.

I strongly urge on the committee that it go ahead with these bills and authorize this program. Thank you.

Senator GORTON. DOT seems to say that we have no knowledge of what the ultimate costs are going to be. Wouldn't it be prudent to make a more detailed engineering review before committing this amount of money?

Mr. HORSKY. I have listened this morning, sir, and it is true, I am sure, that there is nothing that you can say is an absolutely updated engineering study. But there have been studies. I think Mr. Downs stated it probably accurately, that the thing has been studied to death. What we don't need is more study. What we need more is action.

I think it would be entirely appropriate to go ahead with this bill and proceed with the studies. If it turns out the studies turn up something which is entirely unexpected and makes the project more expensive than it is expected to be, they can report back to the committee and have something in the legislation to accommodate that.

Senator GORTON. You would have it go on contemporaneously.

Mr. HORSKY. Yes. I would have the bill passed. As Mr. Downs said, the money would not be available beyond this year.

Senator GORTON. Could you logically work on the two projects at a different speed, say starting the work on the garage right now while simply studying the ultimate solution to the building itself?

Mr. HORSKY. Without any question, yes.

Senator GORTON. Thank you very much, Mr. Horsky. You have been most helpful to us.

Mr. HORSKY. You will make my statement a part of the record?

Senator GORTON. Yes.

Mr. HORSKY. May I make one correction? I thought Mr. Blanchette was going to testify instead of Mr. Lewis.

Senator GORTON. We will correct it in that respect.

Mr. HORSKY. Thank you very much.

Senator GORTON. Thank you.

Mr. Spear, We would be delighted to hear from you.

STATEMENT OF MICHAEL D. SPEAR

Mr. SPEAR. Thank you, Senator Gorton.

I am executive vice president of the Rouse Co. of Columbia, Md. I have submitted written testimony. I will not attempt to go through all of it, but I thought I might take a minute to highlight certain aspects of it. Then I would be happy to answer any questions you have.

Senator GORTON. Please do. Your entire statement will be included in the record.

Mr. SPEAR. Thank you.

We have reviewed the proposed bill and the accompanying report as approved by the Senate Commerce Committee. Together with a planning team I have toured the building itself. Overall, it is our impression that Union Station is a unique and beautiful structure that has great potential, and the Rouse Co. is interested in participating in the effort to make Union Station once again a great and productive national landmark.

The Rouse Co. is engaged in major retail and mixed-use development, redevelopment and management in many parts of the country. We currently own and operate or manage 54 retail or mixed-use projects totaling more than 30 million square feet of leasable space.

Among the projects which we have completed and presently operate are Faneuil Hall Marketplace in Boston, the Gallery at Market East in Philadelphia, Santa Monica Place in California, and Harborplace in Baltimore. We are currently under construction on a major retail redevelopment in downtown Milwaukee and will soon be underway on the historic South Street Seaport in Manhattan. We are in advanced design on the redevelopment of the old Union Station and the area surrounding it in St. Louis, and we are the designated developers of major downtown projects in San Francisco, Denver, Miami Beach and New Haven.

We have had significant experience in working with city governments and in dealing both with historic structures and redevelopment of formerly deteriorating core city areas. Many of the downtown projects which we have undertaken have involved public and private partnerships and commitments by both the public and private sectors. They had the strong backing of local governments, and each represented the carrying out of specific goals within clearly established frameworks and relationships. These projects also in many cases involved Federal funds related to urban redevelopment.

In the beginning, most of these downtown projects were considered risky. But all have proven overwhelmingly that good planning, good management and good execution can yield tremendous dividends. Locations such as Union Station, which can combine the utilitarian value and advantage of major transportation centers with historic structures and festive marketplaces hold special potential.

The types of uses for Union Station proposed in the bill are generally reasonable as a mix to tap its potential. Given the proper circumstances, a private development company could work effectively with the Government to design an appropriate layout and specific mix of activities.

Our interest would depend on restoration of the landmark station structure, construction of the public train station and public parking garage and completion of various necessary linkages with the Metro system and among the several elements of the project.

We believe there must be one clearly identified entity representing the Government's interest, with sufficient authority to negotiate and make binding commitments within whatever parameters are established by the Congress.

We strongly recommend that planning and negotiations include not only the Union Station building but also the railroad property that surrounds it. In addition to restoring Union Station, we believe that there is the opportunity here to develop a major new mixed-use project, including office and hotel, which could further the overall revitalization of the Union Station area.

We would urge that within the policy objectives set forth in the legislation that the private development company selected be given the primary authority to coordinate the overall programing and operation and management of the project. This is where the private sector's expertise is greater than the public sector's.

In this regard, we believe there should be some provision that the financial obligations assumed by the private investor will be protected in the event of delays or omissions by the Government.

We believe that the development of Union Station represents a difficult but worthwhile undertaking. It is a national landmark that should not only be preserved but improved and used once again as an important facility servicing both a local and national interest.

Senator GORTON. Thank you.

Mr. Mendelsohn, you may proceed.

STATEMENT OF ROBERT H. MENDELSOHN

Mr. MENDELSOHN. Thank you, Mr. Chairman.

Mr. Chairman, I appreciate the opportunity to appear before you as you courageously attempt to pick up the pieces left by Congresses and administrations past. I really mean that. It wasn't of your creation. The fact you are willing to cope with it I think is awfully commendable.

If S. 1192 passes the Congress and is signed into law by the President, it will have saved a great building from gradual destruction, returned it to a useful purpose, and finally allowed the taxpayers to get some return on the millions of dollars which have been spent during a 15-year sad saga.

As I understand it, you have invited me to testify because I have had the opportunity to view Union Station from two perspectives: one as assistant to Secretary of the Interior, Cecil Andrus—I was assigned the task of working with the Department of Transportation and Amtrak and the Congress to try to fashion mutually acceptable legislation to resolve the issue—and second, currently, I am the president of Mendelsohn Associates, which is a Government relations firm.

I have several clients in the private sector, one of which is the Western Development Corp. of San Francisco. Several of my clients, particularly Western, believe, along with me, and evidently along with the Rouse Co., and others, that there is an appropriate, productive role for private entrepreneurship in the proper development and use of Union Station.

It is particularly fitting that the current attempt, yours, to resolve this problem had its genesis in the Congress because it was in fact the Congress which created the problem in the first place when some 15 years ago it established the National Visitors Center Study Commission. This Commission decided that a handsome and perfectly adequate train station should be turned into something else. Certainly the ensuing activities by various Congresses and administrations over the past 15 years have indeed created something else.

The truth is, of course, that the effort never should have been begun. But that is hindsight. It is hindsight also to recount the efforts undertaken 10 years later by the Carter administration to work with the Congress to clean up a mess not of its creation and not of that Congress creation.

The fact that legislation was introduced with administration support in 1978, 1979 and 1980, and that each time those bills died at one time or another in the Congress, may be of historical interest but it is not particularly helpful to the cause at hand.

Turning to the cause at hand, very briefly, I would make a few comments about S. 1192 which I hope will be of some value to your honorable committee.

First, S. 1192 is a distinct improvement over those previous legislative efforts because it calls really for no new authorization of funds to complete the Union Station complex. Indeed, a provision of the bill would enable the Government to take advantage of the offer by the Washington Terminal Co. to buy the building at a greatly reduced price, thereby saving the taxpayer some $28 million in lease payments which the Government is currently contractually obligated to pay.

Mr. Chairman, that is a real saving. Some people would have you believe it is not. The Government is contractually obligated for that over the next 20 or so years.

Second, the bill would finally allow the citizens of Washington and visitors to the Nation's Capital who use Union Station to receive a share of the massive Northeast corridor improvement project funding/ a $2.5 billion program. I understand the administration is requesting less, $2.1 billion. It was designed to improve stations, tracks and railbeds from Washington to Boston.

Mr. Chairman, there are 26 stations along that route. Fifteen of those twenty-six had previously been planned to be upgraded. Two of the fifteen have been dropped. One of them is a minor station at a highway crossing in Massachusetts. The other is Union Station in Washington, D.C., which happens to be the southern terminus of the entire project, which also happens to be the second largest and second busiest of all of the 26 stations.

Northeast corridor funds have been or will be expended on every other major station along the route, including, but not limited to, those in Baltimore, Wilmington, Philadelphia, New York, New Haven, and Boston. Not 1 cent is currently planned for Union Station.

Fairness and commonsense, it seems to me, demand that a portion of these funds be used to turn part of this building back into a usable train station.

Third, S. 1192 would allow a marvelous historic building, which is a national landmark, as you know, designed by Daniel Burnham, in 1907, to be saved.

Fourth, the bill would turn an unused, deteriorated public building into one of the most usable, multimodal transportation terminals in the country, linking railroad, rapid transit, city bus, airport and automobile transportation modes.

As an aside, in the bay area of San Francisco we tried for years to link the airport with BART, the rapid transit system. It may be done at some time in the future, Mr. Chairman. It will be done with billions of dollars. Here you already have National Airport linked directly by Metro to the train station, which is an unusual opportunity.

Finally, it would provide a serious opportunity for handsome, economically productive commercial mixed-use development which will very quickly begin to provide good returns to the Treasury to offset public expenditures. The building itself has some 250,000 square feet of prime retail and office space and 90,000 square feet of office space and the remaining in retail. The restaurants and shops would be well located and well used and would provide life and vitality not only to the building but also to this area of Washington.

The proper use of Union Station is the keystone for private investment in this whole area which could rival the amazing renaissance of Pennsylvania Avenue, given the fact that there are at least 55 acres immediately surrounding the station which have superb commercial and office space potential.

I believe that a private developer should and would be willing to make a major dollar commitment to renovate the interior of the Union Station building so it would be used for quality offices, restaurants and shops. Assuming the shell is completed—by the shell I mean the roof, which is being completed, the parking garage, and the return of the tracks to the concourse—a private developer should be willing to invest from $50 to $75 a square foot for commercial renovation.

Thus, in my opinion, the developer should be prepared to initially invest a minimum of $12,500,000 for the 250,000 square feet and, in addition, of course, would negotiate with the Government for lease arrangements which would provide for a solid, continuing return to the Federal Government which could be used to offset Federal expenditures.

Finally, Mr. Chairman, although this Congress certainly did not create the problem, it has a golden opportunity to write a happy ending to a sad 15-year saga. You have the chance to do the job right and do it without authorizing additional large sums of the taxpayers' money. In fact, you can do it in a way that is consistent with this administration's interest in allowing the private sector to participate where appropriate. I trust you will get the job done.

I will be happy to answer any questions you may have.

Senator GORTON. Mr. Spear, do you agree with Mr. Mendelsohn's outline of what the private sector would and should be willing to invest, given the preconditions he just outlined?

Mr. SPEAR. I do. I think it is conservative. In other words, I think that assuming the building is restored, that I think there are two forms of investment. I feel that once the Federal Government were to expend the sums to restore the building to make it a structurally sound facility, complete the ramps, complete the parking structure and so forth, that there then would be a capital investment by the private sector, in fact repaying the Federal Government. I think the private sector could repay the Federal Government a portion of what it spent to do those things.

Having done that, it would then make an additional investment on the interior improvement of the building.

Senator GORTON. Do both of you feel that an absolute precondition to any commitment of private money is a Federal commitment to complete the parking garage, to do the external structural work necessary to make the building sound, and to reposition the train station, the terminus of Amtrak itself? Are these preconditions to any private investment?

Mr. SPEAR. I would agree with the first two. I am not sure that it is necessary to reposition the terminus at the tracks.

I had the opportunity last week to look at some of the plans involved in the station. I think one of the problems with respect to turning this into a commercial facility is that there is not an adequate amount of space. In other words, I feel that within the station itself they are talking about 75,000 or 80,000 square feet of usable retail space and maybe 80,000 square feet of office space; 75,000 to 80,000 square feet of usable retail space we believe would be inadequate in size to create the kind of critical mass that would be necessary to turn this into a successful marketplace.

If that were the case, you were looking for opportunities to create additional retail space, it may be possible to extend the retail space out to the tracks. Therefore, there may be some possibility of moving the space to the tracks and creating additional space without moving the tracks.

Senator GORTON. What is the critical mass of retail space in your view?

Mr. SPEAR. I think it is in the range of 125,000 to 150,000 square feet.

Senator GORTON. Mr. Mendelsohn?

Mr. MENDELSOHN. Mr. Chairman, my response to your question would be I think it is absolutely critical that the parking garage be completed. That is an expensive proposition for the private sector to tackle. It has been partially completed, perhaps half completed, by the Federal Government. I think it is absolutely essential that the Federal Government complete that parking structure and the ramps to the parking structure, which are going to be expensive to build over the long-haul tracks.

You have heard, as I understand it, this morning from the D.C. DOT as to how they would like to use money that Washington motorists have engendered for the Federal highway system. I hope that you will go ahead with that, notwithstanding what appears to be the position of DOT. But I think it is imperative that the shell of the building be completed. As a matter of fact, I think the Department of the Interior, the Park Service, has virtually had that done now. I know you heard from Interior earlier. I assume that Mr. Hite described the efforts to complete the roof. That is being done, as you know, with previously authorized funds that were reprogramed. I think the shell of the building will in fact be completed.

My own personal view, Mr. Chairman, is that those tracks ought to come back into the concourse. I would agree with Mr. Spear that it is not essential for the interest of the private developer. As a matter of fact, you have heard from him. I think you will probably hear from Western and others, that they just as soon have the extra 40,000 or 50,000 square feet that train handling facility would take up.

Notwithstanding that, my own view is it would be a sin and a shame to have a great railroad station, Union Station, and not use it at all as a train station but to use an appendage in the back which is more appropriate for some sort of a second-class bus station. Unfortunately, that is what you really have back there.

If push came to shove, Mr. Chairman, and you absolutely couldn't get any Northeast corridor moneys to bring those tracks into the concourse, then I suppose you could function that way. From a commercial developer's viewpoint, clearly the tracks don't have to come into the concourse. But from the standpoint, if I may, of good public policy, I think that that concourse ought to become a train station again.

I might add that I think somebody's estimate that it would take $45 million of Northeast corridor moneys to bring those tracks back in and to do whatever work is necessary to bring them back in is an absolute—how can I say it nicely—it is an overinflation by certain people who work somewhere in the Department of Transportation.

My own view is that it would take less than the amount that had been reserved by the past 3 years, which was $23 million, within the Northeast corridor program.

Senator GORTON. Do either of you have any idea as to whether we can even make an intelligent guess today as to how much these two or three prerequisite projects are going to cost? You just said one of them may only be half.

Mr. MENDELSOHN. I will tell you what I think, Mr. Chairman. It is based on having looked at independent engineering advices given to the National Park Service within the last couple of years.

These were funds that were the basis for legislation that was introduced by the previous administration. By the way, I should tell you the Senate passed one of them and it died in the House. Then the Senate said to the House, basically, we are going to wait and see what you have to say. The House never got anything to them. It kept passing the Public Works Committee, but it never got to the floor.

But my feeling is you would not need more to complete the garage and the ramps than the $35 million that Washington, D.C. already has reserved in its own Federal highway moneys. You would not need more than the $35 million that has been described to you in those highway moneys. You would not need more than the $23 million in Northeast corridor moneys that had been reserved up until last year by the previous administration.

So my feeling is somewhere in the neighborhood of $50 million to $60 million, but all of this is in previously authorized money, the Northeast corridor money and Federal highway money.

Mr. SPEAR. I have reviewed some of the materials and—I don't feel there is a basis of information at this point to make that determination.

Let me also say, with respect to the station, I agree that the station functions ought to be part of Union Station, but I still don't think that means there can't be extension of the station facility out to the track. You can still have the station facility actually inside the Union Station building.

Mr. MENDELSOHN. Mike, I am not positive that you couldn't do something in the concourse without bringing the tracks in, but it would make so much more sense to bring the tracks back into the concourse.

In my opinion, the facility that is there now is so poor that to spend a lot of money to upgrade what is essentially a third-class or second-class facility just seems to me to be a real sin and a shame.

I recognize it would make more commercial square footage available in the concourse, but if I were in the Congress, that wouldn't be the prime determinant for me.

Senator GORTON. Do you think we could really complete a marketing plan study in 6 months?

Mr. SPEAR. Yes. I am not sure you would need $350,000 to $500,000 to complete it. But I think you could complete it in 6 months.

Mr. MENDELSOHN. My feeling, Mr. Chairman, is you could complete it in a good deal less time.

Senator GORTON. Thank you both very much for being with us today. Your testimony is greatly appreciated.

Mr. MENDELSOHN. Thank you.

Mr. SPEAR. Thank you.

Senator GORTON. Mr. Davis and Mr. Richardson.

I am sorry; is one of you Mr. Hodgkins?

Mr. HODGKINS. I am.

Senator GORTON. Instead of Mr. Richardson?

Mr. HODGKINS. That is correct, yes.

Senator GORTON. Thank you.

Mr. Davis?

STATEMENT OF WILLIAM C. DAVIS, PRESIDENT, HELIPORT SYSTEMS, INC. AND RICHARD F. HODGKINS, CONSULTANT, HELICOPTER ASSOCIATION INTERNATIONAL

Mr. DAVIS. Good morning, Senator Gorton.

The attempted conversion of Union Station into a National Visitors Center has cost taxpayers over $65 million to date. Unfortunately, the Visitors Center received little use by the visiting public and the once grand Union Station terminal is now closed due to a crumbling roof. Huge cost overruns created by the attempted conversion have prevented the completion of a 1,400-car parking garage intended for the mass of visitors who have never come. Exhibit 1 is a photograph of a four-level parking garage which remains unusable because the necessary ramps connecting the four levels have not been built. Although the 1968 act also authorized a permanent heliport to be established atop the parking garage, construction has not started for the same reason.

For 5 years Congress has held numerous hearings and introduced various bills to rectify the problem. No bills have survived due to their requirement for spending additional millions of public dollars.

We are pleased, however, that S. 1192 proposes transfer of control from DOI to DOT and authorizes the Secretary of Transportation to enter into contracts with one or more responsible private developers to reduce the cost to the public by making Union Station and the parking garage into useful transportation facilities. We are pleased, too, that S. 1192 authorizes GSA and the FAA to select the parking garage site as the location for a permanent public-use heliport.

Heliport Systems, Inc.—in association with a group of Fortune 500 companies and a major parking management firm—proposes to fund completion of the parking garage and the heliport as originally designed using private capital entirely. Exhibit 2 is an architectural rendering of the completed facility.

To insure against more cost overruns, we will post a performance bond for the full construction cost. Upon completion of construction, we will provide for the staffing, operation, and maintenance of the facility on a profit generating basis. Ownership of the parking garage will remain with the Federal Government. In return for our multimillion dollar investment, we expect to lease the facility from the Federal Government at the rate of $1 per year until our original investment and a fair return are recouped.

We are prepared to make this substantial investment for two reasons. First, the need for additional parking in Washington is well documented. Second, the need for a public heliport in Washington has recently been the subject of a major study completed by the Metropolitan Washington Council of Governments. The study indicates that the Union Station parking garage is the best possible location in Washington for a major, permanent public-use heliport. The study also cites that should such a heliport be established, over 10,000 helicopter operations are expected in the first year.

Related to the heliport is our conviction that a scheduled helicopter service is economically viable between Dulles International and Union Station for two reasons.

First, National Airport is extremely overcrowded while Dulles is terribly underutilized. A scheduled helicopter service would make Dulles as convenient to Washington as is National—thereby allowing the scheduled airlines to utilize Dulles. The airlines will save millions of dollars in fuel by not having to 'hold' over National waiting for precious, and expensive, landing slots. Additional millions of dollars will be saved in reduced landing fees at Dulles. Yet the cost to a passenger of a 10-minute helicopter flight from Dulles to Union Station will be no higher than an unshared taxi ride from National Airport to Union Station.

Second, National's air traffic creates considerable noise complaints from Georgetown residents. Our concept of helicopter service from Dulles to Union Station solves these problems in addition to making feasible the Secretary of Transportation's recently announced proposed policy of permanently diverting air traffic from National to Dulles. Of course, a scheduled helicopter service is impossible unless a permanent heliport is established at Union Station.

The heliport facility itself will be a partial fifth level, as originally intended, but will be located at the far end of the garage in order that no flights will be made over cars or people on the fourth level below. The heliport will have parking for up to six large helicopters in addition to a designated area for a transport category sized helicopter for scheduled helicopter operations. A 1,000 square foot terminal building will house a passenger lounge, dispatcher's office, rest rooms, and baggage ready room. All helicopters will be under radar control by the FAA, and the dispatcher will control traffic on the heliport. Absolutely no automobile parking will be sacrificed by the establishment of the heliport. And for economic insurance, the heliport will be designed to be used for additional automobile parking should the amount of heliport traffic prove economically insufficient.

Parking spaces in the parking garage will be available to the general public for rental on an hourly, daily, and monthly basis. Should a visitors center be reestablished in Union Station, a sufficient number of parking spaces will be always available for visitors on a paying basis.

We believe our proposal is consistent with S. 1192 as well as the Reagan administration's often-stated policy of allowing private enterprise to perform the functions formerly usurped by government. We believe the Reagan administration will support S. 1192 if made aware that private developers are authorized in this bill and that private developers are in fact available. Union Station and the parking facility are too valuable to remain unusable any longer. We urge the Congress to pass S. 1192 in order that this complex can become operational to the public.

Thank you.

Senator GORTON. Thank you.

[The exhibits referred to follow:]

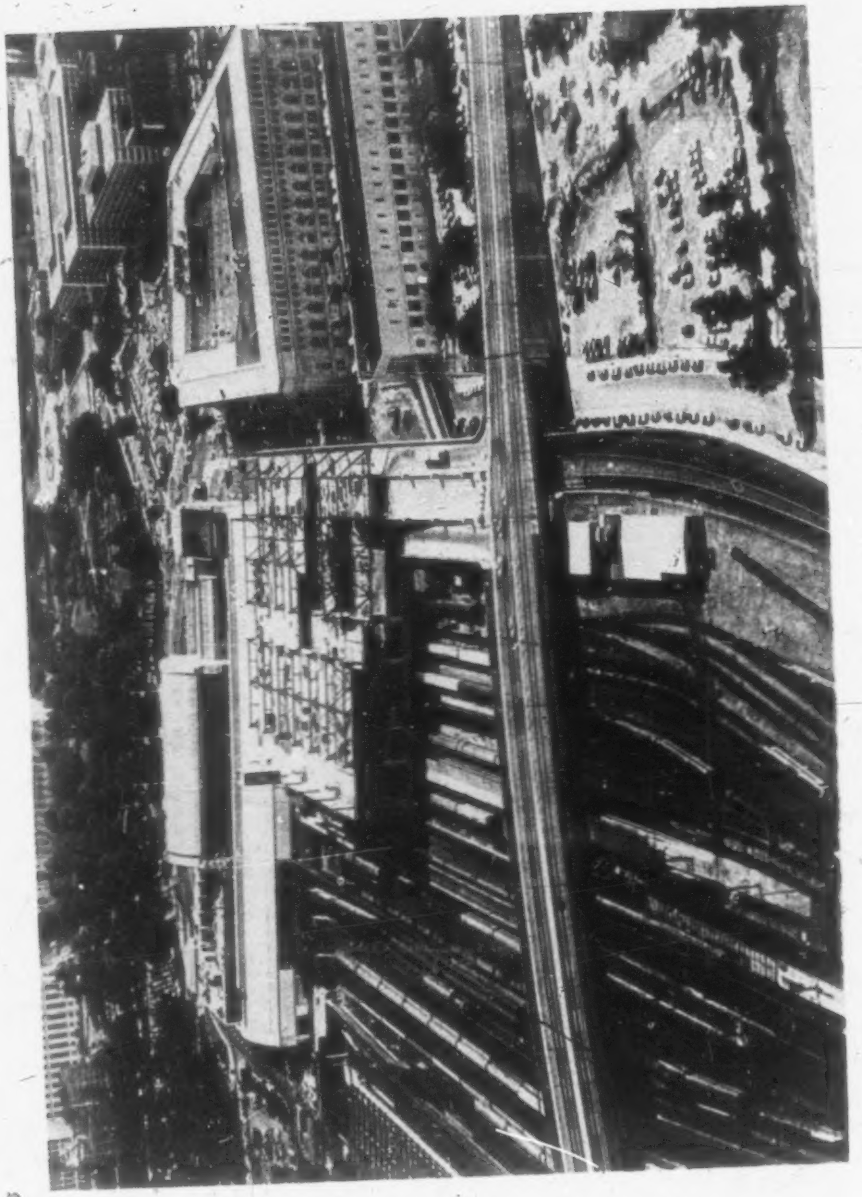

EXHIBIT 1

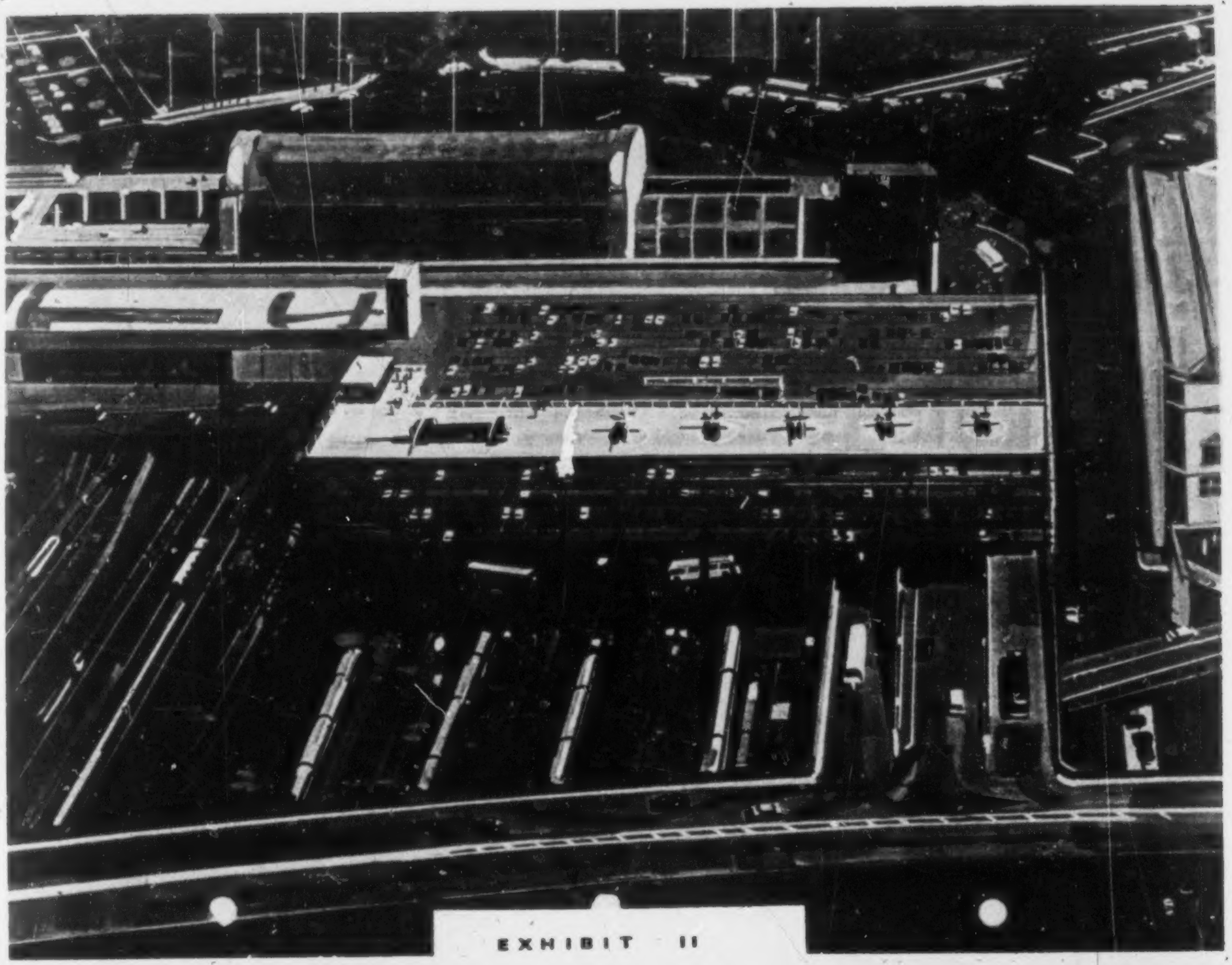

EXHIBIT 11

Senator GORTON. Mr. Hodgkins, we have your written statement, which will be included in the record. If you wish to summarize it more briefly, you may.

STATEMENT OF RICHARD HODGKINS

Mr. HODGKINS. I certainly will.

I am appearing here today on behalf of the Helicopter Association to be recorded in favor of Senate 1192. Unfortunately, the Helicopter Association over the years has remained basically a very keen observer to, and on some occasions a participant in, the events and issues surrounding Union Station.

For more than a decade we have been witness to a number of proposals for legislative initiatives as well as having been involved in two major Government funded studies, both resulting in a recommendation that a public-use heliport should be installed in the District of Columbia.

Union Station, by the way, Mr. Chairman, was identified in both of those studies as the most desirable locale, with the automobile parking garage roof more specifically being identified as the prime location.

Perhaps certain members of this committee will recall a proposal to construct such a heliport on the roof of the automobile parking garage in the National Visitors Center Facilities Act of 1968, to which Mr. Davis has referred.

The need for a heliport was identified just about 26 years ago in the first initiative in House bill 2008 introduced by Congressman Fallon. That was in January 1955. That need has expanded proportionately in consideration with the remarkable growth in helicopter use over those same 26 years.

However, one common denominator of the majority of the past legislative proposals as well as the studies has been that of government funding—in some instances approaching $2 million to $3 million.

I recognize we are not in the league of 25, 50, 75, and 100 million dollars for railroads, but we do feel we provide just as much necessary service to our constituency.

The success of the New York City Heliport should be an indication of what may be done. They were originally nothing more than abandoned piers and automobile parking lots along Manhattan's East River. However, they have clearly demonstrated that where a market exists for helicopter transportation, even the most basic of facilities will be employed.

In view of this, we would suggest a similar approach to properly evaluate the market for helicopter transportation in the District; to wit, that a small section of the upper level of the parking garage, generally proposed I guess as the third or fourth level now, should be set aside, perhaps under a lease arrangement, for a public-use heliport for a period of 1 to 2 years. All costs for the improvement of the parking area—the lighting, pavement marking and firefighting equipment—would be funded with private capital.

I may suggest that the total cost of those improvements beyond the original cost of constructing it for automobile parking would be literally minimal.

The day-to-day operation and management of the heliport would be the responsibility of a private operator as well. This basically aligns the position of HAI to that of Mr. Davis on this particular point.

During this initial assessment period of perhaps 1 to 2 years, accurate records could be maintained that would be later used to determine whether in fact the heliport should be retained, status quo, improved and/or enlarged, or abandoned, thus allowing the heliport to stand on its own merits.

We certainly urge the passage of Senate 1192 to provide the representatives of our industry with a legislative platform from which further efforts can be expended in promoting the public-use heliport at Union Station. Thank you, Mr. Chairman.

Senator GORTON. Mr. Davis, does your offer or proposal to complete the parking garage project include the entire project as we have been discussing it here today, including the ramps?

Mr. DAVIS. It includes the approaches and southwest ramp, that is correct.

Senator GORTON. Have you discussed this proposal with the District of Columbia?

Mr. DAVIS. We have discussed the concept of a heliport atop the parking garage, yes.

Senator GORTON. Is there local objection to a heliport and attendant noise problems?

Mr. DAVIS. There is no objection. There has been no outright support. Nothing either way, by the D.C. Department.

Senator GORTON. Would you anticipate from your experience elsewhere that there would be objection from the residents in the neighborhood of use of the parking garage as a very substantial heliport?

Mr. DAVIS. We anticipate some objections from residents. However, an environmental impact study was done on the heliport, on the proposed site, by the National Capital Planning Commission, and the noise impact, which is the chief source of complaints typically, is included in this study recently completed by the Metropolitan Washington Council.

Senator GORTON. How many takeoffs and landings per day would you expect and what kind of limitations on hourly use would you agree to?

Mr. DAVIS. We would expect the heliport to be open from 7 a.m. to 7 p.m., every day, except Saturdays and Sundays. It would be available to be open on a special-use basis during those off-hours.

Senator GORTON. Do you have any idea of how many takeoffs and landings you would anticipate?

Mr. DAVIS. On a weekday, during the commuting times, we would expect 50 or 60 in the morning and 50 or 60 in the afternoon.

Senator GORTON. As you know, there are some constraints on the use of the parking garage by commuters at the present time. Would you live with those or would you require that they be lifted?

Mr. DAVIS. That is a good question. It depends on what uses were put to Union Station. Obviously, we would want to make use of the garage and fill up every possible space on a paying basis.

Senator **Gorton**. What do you feel you could complete this project, including the heliport, for?

Mr. **Davis**. Senator, elevated parking garage construction costs between $17 and $20 a square foot in most parts of the country. This being Washington, we are budgeting $45 a square foot or approximately 25 percent more.

Senator **Gorton**. What does that amount to in toto?

Mr. **Davis**. That is for the parking decks and so forth, the bridge, which is really what the southwest ramp is—it is a small bridge—we are budgeting $50 a square foot for that.

Senator **Gorton**. That doesn't tell me what the total number of dollars is that you would anticipate putting into this.

Mr. **Davis**. We haven't done a full engineering study of the entire structure. We have only been able to examine certain portions of it. But we have taken an awful lot of photographs and whatnot. We have had two experienced structural engineering firms that design parking garages come in. We are talking in the neighborhood of between $10 million and $15 million.

Senator **Gorton**. Thank you very much.

Senator Randolph, I greatly appreciate your coming back. I had not anticipated chairing this meeting. I am late for another meeting. I am not sure if you have any further questions for these witnesses, but we do have at least one more witness. I am most appreciative of your willingness to listen to them. Thank you very much.

Senator **Randolph** [presiding]. Mr. Davis, I have been very interested in heliports for a long time. I am a believer in helicopters. I use helicopters in West Virginia to travel from our smaller towns where there are no airports, as you can understand.

Let me ask you, do we presently have in the Washington area, heliports that have regular service, or is it just charter service at the present time?

Mr. **Davis**. There really is no public-use heliport in Washington now.

Senator **Randolph**. Was there not at one time?

Mr. **Davis**. No, sir.

Senator **Randolph**. Just at National Airport?

Mr. **Davis**. Right. There are a few private-use heliports—the Washington Post, Stewart Petroleum, such as those—but those are not suitable for public heliports.

In 1971 a consortium of airlines attempted to start a scheduled helicopter service between Dulles and Washington. They received all of the CAB approvals. The airline never got off the ground simply because they could not establish a public-use heliport in Washington. So the heliport is absolutely essential to any sort of effective public helicopter service.

Senator **Randolph**. So that the record may reflect, there is a helicopter service between Newark and LaGuardia. I have taken that. There may be helicopter service into Kennedy from Newark. Is this correct?

Mr. **Davis**. Yes; there is.

Senator **Randolph**. Who operates that operation?

Mr. **Davis**. That is called the New York Helicopters, I believe.

Senator RANDOLPH. Do you know the number of people who use such a service in that area?

Mr. DAVIS. It is in the thousands. That is all I know. I don't know the exact number.

Senator RANDOLPH. That is on an annual basis.

Mr. DAVIS. On a monthly basis.

Senator RANDOLPH. A monthly basis, it is thousands?

Mr. DAVIS. Yes.

Senator RANDOLPH. What is the capacity of the helicopter?

Mr. DAVIS. The helicopters they are currently using now are only nine-passenger helicopters. We are proposing 44-passenger helicopters.

Senator RANDOLPH. Is that helicopter in production?

Mr. DAVIS. Yes, it is. The helicopter we are proposing is manufactured by Boeing-Vertol. It has recently received FAA's certification. It will be outfitted just as a commercial airliner.

Senator RANDOLPH. What is the cost of that?

Mr. DAVIS. Approximately $11 million.

Senator RANDOLPH. $11 million?

Mr. DAVIS. Yes, sir.

Senator RANDOLPH. Do you believe that there is a market in the Washington area for regular helicopter service?

Mr. DAVIS. If air carrier traffic must be diverted from National to Dulles, we believe there will be a substantial market. That is really what the heliport is about.

Senator RANDOLPH. I think that is sound reasoning. I believe that there would be. I don't know the amount of traffic. I can't speak of the volume. But it would be substantial, in case there was a rather drastic revision of the scheduled airlines operating in and out of National Airport. So I agree with you on that.

Are you prepared to indicate, as I guess the record already shows, that you are interested in working with whatever body or bodies it is that can give you a location, notably the Union Station area?

Mr. DAVIS. Yes. We are the consulting firm to this group of blue chip companies that will provide the capital. We are just doing the legwork here.

Senator RANDOLPH. Doing what?

Mr. DAVIS. Doing the legwork, making this presentation before this committee concerning S. 1192 and outlining the basic proposed operation.

Senator RANDOLPH. Thank you very much, Mr. Davis. You have an associate with you this morning.

Mr. HODGKINS. Yes, sir. I represent the Helicopter Association here in Washington.

Senator RANDOLPH. I do not find your name on here. I find the name of Richardson. You will forgive me.

Mr. HODGKINS. That is correct. I am representing Mr. Richardson. My name is Hodgkins, Richard Hodgkins.

Senator RANDOLPH. Thank you very much, Mr. Hodgkins.

Mr. HODGKINS. I would just, for your edification, reinforce Mr. Davis' proposal or a proposal similar to that in which private funds are encouraged in the development of the helicopter and heliport. We represent a number of helicopter operators throughout the country. It behooves us to maintain a midline position. There is another proposal from another one of our clients to put in such a service.

We certainly concur with the proposals contained in S. 1192, in particular with regards to the heliport installation.

Senator RANDOLPH. I think it is important that the record show that at the present time there is no regular helicopter service in and out of the Washington area. Is that correct?

Mr. HODGKINS. That is correct, sir.

Senator RANDOLPH. That is a situation that should not exist.

Mr. HODGKINS. Unquestionably.

Senator RANDOLPH. I am just saying there should be that type of service in the National Capital area. I think it is desirable and it is necessary.

In my hometown of Elkins, W. Va., we have such a service. That is a 10,000-population area. I am only mentioning it to indicate that there is a real need all over this country for helicopter usage. I believe in it. It can go in and out of places where people need to go. There is a real need for helicopter service, as I see it, in the Washington area. Do you fully agree, Mr. Davis?

Mr. DAVIS. Absolutely.

Senator RANDOLPH. And you, Mr. Hodgkins?

Mr. HODGKINS. Yes, sir. It has kind of made the morning all worthwhile to hear you respond in that fashion, to be quite frank. Just for information purposes, to give you a little background, to give you some idea of the potential involved, New York City itself right now currently runs about 125,000 helicopter operations per year out of four moderately sized heliports on the East River. Additionally, in going as far back as 1968, to give you some further idea on the number of passengers potential in a major metropolitan environment, Los Angeles Airways was taking from the Los Angeles Airport 38,000 passengers per month. That is 1968. There is a significant period of time that has elapsed since then. Our equipment has become considerably more sophisticated to provide a more comfortable and a much quicker ride. Needless to say, our safety record has improved dramatically over those years. We now feel, even as the market has appreciated tremendously, we now have the vehicles to accommodate that market in a much finer style than it was being accommodated in 1968 and 1970.

Senator RANDOLPH. I keep somewhat current with the development of the helicopter and its use. We might say that we are giving too much attention to the helicopter situation in reference to a solution for the Union Station or the Visitors Center. But we are not. That is something that, if it could be brought into being in the area that we speak of would in itself be a moneymaker. Isn't that right?

Mr. HODGKINS. It certainly has the potential for being a moneymaker.

I think there are other factors involved there, Senator. You have the Nation's Capital. Here it is one of the few major metropolitan areas in the United States today that does not have a public-use heliport available and functioning. That obviously runs as much of a detriment to the image of the Nation's Capital.

We have a potential spot that has been identified in two very expensive and long-lived studies, of which I have the results here.

Senator **RANDOLPH**. Would you make those available to the committee?

Mr. **HODGKINS**. I certainly would.

Senator **RANDOLPH**. That would be helpful, and any other materials that you feel are pertinent or appropriate.

Mr. **HODGKINS**. Yes, sir. I will have two people carry over a load of supporting documents this afternoon.

Senator **RANDOLPH**. We will not put all of that in the record, but we want to have it, certainly, here in the committee.

Mr. **HODGKINS**. Yes, sir.

Senator **RANDOLPH**. I am gratified. I am sure all members, if they could be present today, would be not only informed but very concerned that this be a part of whatever is done. It seems to be a natural, very frankly.

Mr. **HODGKINS**. Yes, sir.

Senator **RANDOLPH**. I thank you both on behalf of the committee.

Mr. **HODGKINS**. Thank you.

Mr. **DAVIS**. Thank you.

Senator **RANDOLPH**. Mr. Barton Lewis is our next witness.

STATEMENT OF BARTON LEWIS, PRESIDENT, A. BARTON LEWIS & CO., INC.

Mr. **LEWIS**. Thank you, Senator. I appreciate the opportunity to give our views to the committee on the proposed bill to amend the National Visitors Center Facilities Act, S. 1192.

I am the president of A. Barton Lewis & Co., Inc., a firm in Philadelphia specializing in the financing of real estate projects. We first became involved in the Union Station property back in 1972. We were asked by the two then-owning railroads to provide $16 million of construction and long-term financing. This fund was required from the railroads under the terms of their installment sales contract with the United States for work at the Union Station property.

We provided commitment for these funds under rates which were regarded as very favorable to the United States. The interest charge influenced the Government's total acquisition cost of the property. After concluding this financial arrangement, we were no longer involved in the project, although we have followed it closely.

The bill now being considered by the committee provides for the funding of certain repairs and improvements at the Union Station National Visitors Center by utilizing funds from the Federal Treasury. Such funding is very inflationary. Private sector financing of all the costs is available for the entire cost of the project.

The utilization of private sector funding will not be inflationary. This is an opportunity for the Congress to avail itself of private sector funding without in any way impairing the purpose of the bill.

In the proposed bill, $45 million of the funds for this project are suggested to come from appropriations heretofore made under the Railroad Revitalization and Regulatory Act and $35 million from funds allocated to the District of Columbia under section 142 of the Federal Highways Act. However, regardless of whether funds have been previously appropriated under prior legislation and not yet expended, if they now are expended out of the Federal Treasury, they will be inflationary.

Under circumstances of a national deficit Federal budget, moneys borrowed by the Treasury generally come from sources that produce strong inflationary impact. Such inflationary impact is created through the process of monetization of the public debt. But private sector money is available for this project and it can be utilized to the full extent necessary to complete the project.

The money would come out of the savings of citizens lodged with life insurance companies, pension funds, and savings banks. This course of funding for projects is generally regarded as having no inflationary impact.

The procedures which we recommend—namely, the purchase of the improvements, repairs, et cetera, at the Union Station under an installment purchase contract as distinguished from an outright purchase for cash from the Federal Treasury—will admittedly cost the taxpayers more money, but not much. The small premium paid for the utilization of the installment contract is a very minor price to pay for the advantage of elimination of the inflationary impact of these expenditures.

We recommend, therefore, that the bill be changed to mandate the DOT to seek funds needed to achieve the purposes of the bill in the private market and, if available, to use them. Since the vehicle for private funding would be an installment purchase, we also propose the bill provide an authorization to pay installments.

The program that we are suggesting need not involve any further negotiations with the existing railroads who have heretofore contracted to sell the Union Station building to the United States.

To accomplish the suggestions I have made, I have attached a copy of a memorandum including specific changes to the act. I would be happy to answer any questions you may have regarding this proposal, but I do want to state one additional factor which I think is somewhat important. Earlier in the day testimony was entered to the effect that if the existing contracts between the United States of America and the two owning railroads were funded by purchasing those contracts out immediately, a savings of $28 million would result. I draw your attention to the fact that those calculations were made without regard to the concept of interest. If interest is taken into account, which is the normal way financial transactions are considered in which there is a time element, you will find that the savings are very materially different.

Thank you very much for the opportunity to present our views.

Senator RANDOLPH. Thank you very much, Mr. Lewis.

Your proposal, I believe, is similar to what is generally called a lease construction project. Would that be correct to indicate that it would fall within that category?

Mr. LEWIS. Senator, our proposal merely involves financing. It doesn't have anything to do with the construction aspect. The idea is merely that instead of having the Treasury pay for this project all in one lump sum, that it be paid on an installment purchase contract over a period of years, say 20 or 25 years, the net impact of that being that the Treasury would pay for this in small installments each year rather than in one large sum in the initial year.

Senator RANDOLPH. I think that is very interesting. It is innovative. Have we had testimony from you in prior years on this subject?

Mr. LEWIS. Yes, sir.

Senator RANDOLPH. Were you proposing at that time what you are proposing again today?

Mr. LEWIS. Yes, sir.

Senator RANDOLPH. It is sound then and it is sound now, you think.

Mr. LEWIS. Yes, sir.

Senator RANDOLPH. I understand. For what period of time under your thinking would the Government need to pay? Let's say you would be operating the facility for the actual garage. How much would the U.S. Treasury be called on to pay?

Mr. LEWIS. If the Government determined that it wanted to pay for the project over a period of 20 years, then the amount the Treasury would pay would be a sum calculated mathematically to amortize the investment we put up initially over 20 years, together with interest.

Senator RANDOLPH. Do you have a suggested figure?

Mr. LEWIS. No, sir. The financial markets are in such——

Senator RANDOLPH. Chaos.

Mr. LEWIS. Thank you, sir—chaos that it is very hard to make an interest. But I would say this much: It would be very closely related to the U.S. Treasury bond rate at the time for the same duration of years. In other words, if Treasury bonds for 20 years were selling at 12 or 13 percent, then the rate for this type of transaction would be 12 or 13 percent, plus a small premium because it was not a direct Treasury obligation.

Senator RANDOLPH. Are you available to discuss with members of the committee, at a little later date, some of the details?

Mr. LEWIS. Yes, sir.

Senator RANDOLPH. I am not eager to leave, but I am supposed to go to three other places.

Mr. LEWIS. I am at your disposal any time.

Senator RANDOLPH. We will want to be helpful to you. I think that you have indicated you are ready to go into much more specific detail.

Mr. LEWIS. Yes, sir. In my testimony, at the rear of it are two or three pages of specific language which I commend your attention to amend 1192 by the insertion of that language. That would accomplish the purposes of the proposal I have laid before you.

Senator RANDOLPH. On behalf of the committee, Chairman Stafford, all members, I can assure you that in the presence of the staff member, we are going to talk with Mr. Lewis further. We want to do that.

Mr. LEWIS. Thank you, sir.

Senator RANDOLPH. I thank you very much for your helpfulness.

Mr. Armistead Rood?

STATEMENT OF ARMISTEAD ROOD

Mr. ROOD. Mr. Chairman, I just want to talk for 1 minute, to inject into this planning dialog what I believe to be the best key to bringing Union Station into its proper role.

I testified at length on this in the Commerce Committee hearing on April 30. You may have my April 30 statement before you. But that has not yet been printed. I am told it will be printed soon.

I am not promoting any business. I am looking at this as a citizen whose use of Union Station dates back to before the First World War.

I say that the greatest opportunity to bring that station back into its proper role as the monumental gateway to the National Capital by railroad is to connect it up with what you and I used to know as the Friendship Airport but is now called the Baltimore-Washington International Airport.

I have proposed this several times. I would like to know how on Earth this can be fully examined and analyzed.

I originally proposed this on behalf of the Greater Baltimore Committee in an effort to prevent Dulles Airport from being built so that the second big airport of Washington would be the Friendship Airport.

I clocked an old-time red Penn Railroad train at 26 minutes and 20 seconds from the Friendship Airport siting until it stopped in Union Station. People have not realized that the Pennsylvania Railroad, now Amtrak, forms the western boundary of that airport. With fast, modern trains, you can get out there from Union Station in half an hour, right into the airport terminal, by building a spur track of about 1 mile additional length.

How would you like it, Senator, if the next time you are going to Europe or California or somewhere pleasant all you had to do in this hot weather was to go across that little green park out in back of this building and walk into the Union Station, check your bags, check yourself through the airline ticket counter, and at that moment you would have made your air travel plans to your final long-distance destination.

You don't need to have helicopters. You don't need to have any fancy things. Of course, you could bring in Dulles by helicopter or bring it in by bus. You could bring in National Airport perhaps through the subway or perhaps through the railroad tracks. But right now you have all the elements available to open up Union Station as the inner-city terminal for the Baltimore-Washington International Airport.

That is, I submit, the most practical opportunity for relieving the National Airport congestion. It would continue the use of the station as a railroad station.

Now, in the Northeast corridor, we see a resurgence of traffic. But the Amtrak people propose to run the Northeast corridor as a kind of glorified subway line, with no great amenities.

My friend Mr. Barrager took the San Francisco train the other day to San Francisco and was horrified that they had dropped the dining car service in the face of 750 passengers on board that train. He tells me that they are going to drop all dining cars. Now the airplane passengers coming in from far parts and from international points of origin and leaving for Europe will provide the old kind of high quality market for the amenities that Union Station used to have.

When I worked on the War Production Board, we used to go over to Union Station all the time for lunch because that was the best lunch in that part of town in those fine restaurants.

Senator RANDOLPH. That was Savrin that had the ownership of those.

Mr. ROOD. Yes, sir.

Senator RANDOLPH. I remember them. What you are saying is true, sir.

Mr. ROOD. Oh, yes.

Senator RANDOLPH. Not fast food shops, but good food.

Mr. ROOD. I lately traveled from Paris to London and I went up to the Gardanmoor in Paris and checked myself through and they put me on a little special train, a turbo train, and whisked me out and we just floated out to an .irport on the coast and got on a waiting airplane and went over to the channel and landed at the Gatwick Airport south of London. At the Gatwick terminal we stepped right into the train and went right in by electric train by Waterloo Station to London. That was marvelous.

In the June 8 issue of the Railway magazine, there is a feature article urging that big city railroad terminals, which are now somewhat derelict, be reactivated as airline facilities. That is the proposition that I want to have injected firmly into the planning dialog. I am not representing anybody who wants to get into the business. I am only speaking as a citizen who has used that station for over 50 years. I have studied it intently.

Senator RANDOLPH. When was the station built? I am trying to think.

Mr. ROOD. 1907.

Senator RANDOLPH. That is right; somewhere in that area.

Well, I can assure you, Mr. Rood, that we are trying insofar as possible, as hearing procedures can be arranged, that private citizens, not connected with any organization, be heard. We have long tried to do that. I am sure that there is no desire here by any staff member to not have you testify

Mr. ROOD. I once formed a public users organization in Boston called the Old Community and Shippers League. We provided the public users and the local, suburban, city, and town input into the problem of what used to be the very large commuting service out of the South Station in Boston.

I have been considering whether or not some of us ought to get together and form right here in Washington what might be called the Union Station League and help to bring in high level public thinking on this subject.

I am sorry Mr. Wolfe von Eckhardt isn't here today. He spoke very eloquently on this subject as the architectural critic of the Washington Post in the Commerce Committee hearing. I wish you had been there, Mr. Chairman.

Senator RANDOLPH. Because you called it to my attention—I read his material in the Post very often—I will look at it, sir.

We have a double-committee jurisdictional problem. Really your ideas fall within the jurisdiction of that committee.

I am not saying it is wrong for you to be here, because insofar as possible I like to think of all the input we can secure on this subject. I at one time gave much time to it.

Mr. Rood. So I understand.

Senator Randolph. It is true; because I felt the importance of it.

I wonder if the Department of Transportation is doing any special studies? Can any staff member advise me on that?

[Discussion off the record.]

Senator Randolph. In part they have done something—not your plan, but we can certainly have them extend their study. There is nothing wrong with this committee asking that this be done.

Mr. Rood. I think that would be just fine.

Senator Randolph. I think that would be helpful.

I want to say that we are gratified that you have come, as are all members of our committee and the staff members who will work on your ideas in terms of cooperation with the Commerce Committee, and we will think of it as constructive input. I shall do that.

Mr. Rood. I should like to hand up to you a copy of the Railway Age article.

Senator Randolph. That I think is important, that we make it a part of the record. Is that a current issue?

Mr. Rood. June 8.

Senator Randolph. We have that here, Mr. Rood.

Mr. Rood. You have a Xerox.

Senator Randolph. Yes; that is sufficient. "There is a Wrong Way and a Right Way."

Mr. Rood. That is right. The title runs across two pages.

Senator Randolph. We do have it. It will be made a part of the record.

[The article follows:]

[From Railway Age, June 1981]

THERE'S A WRONG WAY—AND A RIGHT WAY

(By Tom Kizzia, Contributing Editor)

For all the money and effort spent to provide rail transit access to the airports in Washington, Paris, Mexico City, and Tokyo, you would think a little extra push would have been made to get the passenger directly into the air terminal. But no, for various reasons the rail lines fall short, and for the air traveler that means the dreaded shuttle bus. No wonder these lines tend to get as much business from airport employees commuting to work as from airline ticket holders.

In the past decade, the roster of cities here and abroad providing rail links to major airports has grown from just a few to as many as 20. But each city has come up with a unique response to its own geographical and political circumstances, and from the point of view of the air traveler some solutions have worked out better than others. Within a year or so, two more American cities—Chicago and Philadelphia—will join the ranks. Will the new additions end up among the successful or the not-so-successful? It's hard to say, but at least now the very different plans of these two cities can be measured against what has been tried in the rest of the world.

The 7.6-mile extension of a Chicago Transit Authority rapid transit line to O'Hare Airport will provide a half-hour trip from downtown, a trip that can take three times as long on the Kennedy Expressway, one of the nation's most congested, whose median will hold the new rail line. Slated for a late 1982 opening, the $180-million extension includes three intermediate stations which have already brought on their own building booms. The final station will be underneath the central parking garage at O'Hare, with access to the three major air terminals provided by moving sidewalks.

In Philadelphia, the $90 million solution was to operate a commuter-type train from the downtown Suburban Station out along the Northeast Corridor, then over about five miles of a reconstructed Conrail line purchased by the city. A new concrete viaduct arches over a highway and into the airport, where three at-grade platforms, providing access to all air terminals, have been installed as part of a major airport modernization project.

Passenger convenience counts. Both Chicago and Philadelphia appear to have the problem of terminal access well in hand, having put a high value on passenger convenience. By contrast Paris, which extended a commuter line 7.5 miles to its new Charles De Gaulle mega-airport in Roissy in the mid-1970's, provided only one station at the airport, nearly a mile distant from the air terminal. Plans for the airport that looked beyond the turn of the century foresaw five air terminals, and it was feared that multiple stops would discourage traffic. The single station was intended to serve eventually as a commercial hub for the airport complex. If air travel grows at the rates projected back then, perhaps someday the Roissy station will not look so lonely and ridiculous. For now, the rail-shuttle bus connection limits transit's share to 7 percent of the air travellers using De Gaulle.

The Paris shortcoming may also be the result of a certain indifference on the part of the airport authorities, who were responsible for the station plan. In a recent interview with *Railway Age*, a spokesman for the Aeroport de Paris said: "If there is no rail access, the passengers always criticize you. If you give them a railroad, they don't take it. We decided we would give them a choice, so at least they wouldn't complain to us."

The uncertainty of a shuttle bus connection afflicts Orly, the domestic airport of Paris, and many other airports as well. Mexico City may seem to be remedying its distant connection by constructing a new station directly under the air terminal, but unfortunately this station is part of a new line that wanders off to the north of the city, so the traveler will still be forced to make one or two transfers to get downtown.

There are many substantial reasons why the only airport access line opened in this country in the past decade, the Washington Metro line to National Airport, was forced to terminate across a busy street and nearly a half-mile's walk from the air terminal (with a shuttle bus option that takes longer than the walk). For the last few miles to the airport, Metro had to grapple with 18 different public agencies for permission to proceed, including the National Capital Planning Commission, the Federal Highway Administration, the National Park Service, and the U.S. Postal Service. A cut-and-cover tunnel was vetoed by the Federal Aviation Administration because construction would have disrupted the jampacked airport's apron for several years. Because the airport is built on landfill, a bored tunnel would have been extraordinarily deep and experience. An elevated station directly opposite the main terminal would have put the elevated structure's trajectory out over the runway before it could curve away. And the north terminal, which is closer to the final location of the Metro station, had after all been recommended by a consultant as the site for the future main terminal. Someday, perhaps, that recommendation will be followed and a redesigned airport will move its terminal closer to the rail station. The fact remains that the pressure of "other considerations" has made the smart Metro connection available to only a fraction of the passengers who could have been attracted by a more sensibly located line.

A pedestrian bridge and a moving sidewalk of the sort planned by Chicago has been considered—and rejected as too costly—by Washington as a way of making amends. These moving ramps, which can remove the psychological uncertainty of waiting for a transfer bus, have proven effective at the new transit connection at London's Heathrow Airport.

Cities that have failed to provide efficient terminal stations nevertheless may find the lines heavily used by airport employees commuting to and from work. This clientele can be sizable: O'Hare Airport, for instance, has 30,000 employees.

A distribution problem. Cleveland, the only American city besides Washington with an airport link, has had an improved one since the airport was remodeled to give transit riders underground access to the air ticket counters. For ten years after the 1968 airport extension was completed, travelers moving from airport to subway line had to cross a surface street and resist the siren song of the taxi stand. "We've certainly made it as convenient as it can be made, when you compare it to National Airport," says David Goss, assistant general manager of the Greater Cleveland Regional Transit Authority.

But even with the improved connection, ridership on Cleveland's red line has not gone up—which illustrates another feature of rail links for which transit planners must account. Transit ridership to and from the airport will be limited by the amount of territory the transit system covers. "The line is really only good for air travelers going downtown, and in a dispersed city like Cleveland that's not such a big percentage," says Goss. Washington, with its Metro system only partially complete, has a similar problem—though the capital draws a higher portion of its business travelers downtown, where the Metro coverage is extensive.

In London, on the other hand, travelers arriving at Heathrow Airport now have direct access to the city's entire Underground system thanks to a recently completed 3.5-mile extension of the Piccadilly Line. Similarly, Paris officials expect an upsurge of traffic within two years, after a midtown tunnel connects the Roissy commuter line in the northeast with the commuter lines to the south of the city. Chicago planners included the regional coverage of the CTA in their calculations when they predicted 24,000 airport-bound riders would travel to and from O'Hare every day (along with 21,000 using the three new intermediate stops).

Both Chicago and Philadelphia have had challengers say a direct high-speed link to downtown would attract more air travelers than customary stop-and-start transit. Chicago decided to treat its line as a regular transit line; Philadelphia has leaned more toward a streamlined service, though planners there are still debating how many suburban stations to add. (The Philadelphia project has also been attacked locally as another big public works project benefitting suburbanites and business people at the expense of the city transit system, which desperately needs money for repairs.) From experience elsewhere, it appears that a commuter-type connection to a center city rail station can be just as successful as a link into a Metro system, providing faster service to downtown for air travelers though providing less coverage for airport employees and other users of mass transit. British Rail's service to London's Gatwick Airport and Frankfurt's S-Bahn service to Rhine-Main Airport are among the most effective operations in the world—and both are handled by what amounts to the regional commuter service.

Frankfurt has had its 4.6-mile S-Bahn loop serving the airport for most of the 1970's, providing a 13-minute trip from the city train station. Passengers ascend escalators from the underground train platform directly into the air terminal.

Recently, in cooperation with Lufthansa Airlines, Deutsche Bundesbahn has been trying something new: routing intercity trains through the Frankfurt airport stop, to provide feeder service for international departures. There were some qualms within DB about entering into this sort of arrangement. The fear was that passengers on an intercity train would get off at the airport and hop to domestic destinations by air. The state Ministry of Transport is reportedly working out a compromise between the two modes which would provide intercity service to major airports and close down some smaller airports entirely.

Zurich's showcase system. This big step toward intermodal cooperation has already been taken in Switzerland. A four-mile loop off one of Swiss Federal Railways' busiest main lines opened in June 1980 to serve an underground station at the nation's biggest airport, outside Zurich. In addition to hourly shuttle service to downtown, most of the intercity trains on the route make regular stops at the airport, with scheduling worked out between the railroad and Swissair. Railway management expects an initial share of 50 percent of the individual travelers will use the rail connection, with 60 percent meaning the project could break even. In 1982 Switzerland will begin construction of a second intercity link, this one serving Geneva's Cointrin Airport.

Perhaps the ultimate in rail-airport service is provided by the Swiss with their check-through "Fly Luggage" system. Passengers with confirmed air reservations can deposit their bags at a number of train stations in Switzerland, take the train to the airport, and not see the luggage again until disembarking at their air destination.

While American travelers probably are not ready to trust, say, the New York City Transit Authority to get their bags to Paris, there is one instance in the U.S. where an intercity train makes regular stops at an airport—appropriately, at an inter-city airport. In October, 1980, Amtrak opened a $3-million rail station on the Northeast Corridor at Baltimore/Washington International Airport. A six-minute shuttle bus ride connects the rail terminal with the air terminal.

Many European cities, with their extensive rail infrastructurers, have been able to reach the airport with relatively little new construction. Conventional wisdom holds that new rapid transit lines downtown can only be justified in the biggest cities, those with a lot of traffic headed to the city from the airport—yet these cities generally are the costliest places to build. That's why New York City relied on operational changes alone to provide an express rail-bus combination ride to John F. Kennedy Airport, "the JFK Express." After an experimental period during which the service lost $2.5 million a year, the Metropolitan Transportation Authority decided a year ago to make the service permanent and market it more aggressively. Ridership was up slightly for the final six months of 1980, but with the help of a July fare increase that pushed the one-way ticket price up to $4 from $3.50 (compared to $25-30 for a cab), the deficit for those first six months of fiscal year 1981 was cut to about $200,000.

Two other American cities have new airport rail links on their drawing boards. Atlanta's busy Hartsfield International Airport would be the southern terminus for that city's north-south rapid transit line, a part of which is already under construction. If federal funding holds up, the entire nine-mile route could be in place by 1985. A new rail station has already been put in place inside the new Midfield Terminal.

In San Francisco, BART officials have long discussed the possibility of a rail extension to San Francisco International Airport. But there are important jurisdictional problems to be worked out first, as the airport lies outside BART's three-county district. Already, BART comes close to Oakland International Airport, and provides passengers with a ten-minute shuttle bus connection.

Brand new connections like these can be very expensive, of course, and cities will want to weigh the possible benefits carefully to decide whether airport connections are truly the best use of transit money. Only a decade ago these calculations were being made in the abstract. Fortunately, today planners can fly to other cities and have a look for themselves.

Senator RANDOLPH. I am going to suggest to the chairman and other members that we have to zero in on this matter. We have done it many times before, I can tell you that, and thought we were getting somewhere. But apparently the pieces have fallen apart. Perhaps, even at this late date, we can come up with a workable plan based upon the legislation that is pending.

It is a little difficult to get the Congress interested in this subject matter. I am not critical of the membership in that regard. But this is the Nation's Capital. What we do here in constructive, practical ways benefits the people of the country—not just ourselves on the Hill or those who are here as residents or employees of our Government or the private sector. We have great concerns here. One corporation has 70,000 employees. I remember when it had two. That is the Marriott Corp. It is here in the Washington area—70,000 employees. Take Martin Marietta. Its headquarters are here in the Washington area, with some 38,000 to 40,000 employees. In the last space shuttle, the tanks used could be the reason that that flight was successful as it took off from Florida, because of the work that the technicians and the almost unbelievable insights of those who helped through Martin Marietta to bring in the parts that were necessary for that spaceship. So Washington is not just a place of Government. Washington is a place of manufacturing.

Mr. ROOD. We are truly becoming a world capital in every sense.

Senator RANDOLPH. I think you are right to say that. I think that is true. I don't know how many corporations are in the so-called Washington orbit, but there are many, many of them.

I am just thinking of Comsat now. I don't know how many people they have, but this is their headquarters. That is the communications satellite for the whole world, yet Washington is their headquarters—thousands and thousands of employees. And on and on and on the list goes.

So what you are saying is certainly true. We will keep in mind what you have said. Is there any other comment?

This is perhaps a much more important subject than we think it is. We are going to give it careful attention. I know that is the thinking of the chairman of this committee. It was my thinking at an earlier period, when I attached myself to this problem, and many, many others have, and I thanked them through the years for what they have done. So we have been in a tunnel. Let's hope we begin to see the light at the tunnel end.

Thank you very much.

[Whereupon, at 12:30 p.m., the committee was recessed, to reconvene subject to the call of the Chair.]

[Statements submitted for the record and the bills S. 548 and S. 1192 follow:]

STATEMENT OF
DREW LEWIS
SECRETARY OF TRANSPORTATION
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
OF THE
UNITED STATES SENATE

JULY 20, 1981

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to discuss Union Station in Washington, D.C. We share your demonstrated concern for the future of this classic structure on the doorstep of the Capitol. We applaud your continuing efforts to preserve this historic structure and to rehabilitate and redevelop it as a transportation and commercial center.

Both bills introduced on this subject, S. 548 and S. 1192, would transfer responsibility for Union Station to the Department of Transportation. I am pleased to announce that the Administration supports our assuming this role. The Administration's objective is private development of Union Station and the surrounding area. We look forward to working closely with this Committee toward realizing our mutual goals for Union Station.

As the Committee well appreciates, the most difficult issue facing the Department is involving the private sector in development of the Union Station complex and the determination of the Federal financing necessary to carry that out. As you know, our Department has made considerable progress in the past few months in curtailing Government spending as part of the President's overall economic program, and we intend to continue this effort. At the same time, we must recognize that a Union Station project, as worthwhile as it may be, may be very expensive.

There is no current, hard engineering survey on which to base a reliable estimate of the cost of rehabilitating Union Station, nor has there been sufficient discussion at this time to ascertain the extent to which private funds may be attracted to this project. Until an engineering survey and other preliminary design efforts have been completed, I cannot be certain enough of the real cost of this project to propose a definite budget to this Committee that I think the Department can meet. Above all we want to avoid unpleasant and costly surprises.

Furthermore, although much discussion in recent months has focused on ways to involve the private sector in contributing investment dollars to the redevelopment of Union Station, we do not yet know what developers would be interested in using the building for, and we do not know the extent of funding available for the project. An engineering survey combined with a marketing and commercial effort would make clear how much work is needed and what private involvement can be anticipated. I want to emphasize that we are not talking about further academic studies to identify the problem. We know the problem. The analyses we are talking about will be results-oriented.

Given the potential magnitude of investment in this project, I submit that this is not the time to set a particular funding level into law that may raise unwarranted expectations in Congress and the public. The proposal to set such a level is our primary objection to the bills now before the Committee.

I must particularly take exception to the provisions of S.1192 to fund a Union Station project by making mandatory set-asides from funding for existing DOT programs. One such set-aside would be from the Northeast Corridor Improvement Project (NECIP). The Administration has proposed a reduced NECIP budget of $2.19 billion. The proposed NECIP constitutes an integrated program for rail transportation in the Northeast and cannot absorb the costs of developing Union Station.

S.1192 also would make the completion of the Union Station parking facility and ramps an Interstate Highway Fringe Parking project eligible for 100 percent Federal funding. Although Federal-Aid Highway funds are apportioned to the District of Columbia for allocation to its various Interstate projects, this Committee should recognize that this provision of the bill would increase the aggregate Interstate Cost Estimate at a time when we are trying to reduce that amount, and would direct Interstate Highway System funds into a project which is, at best, of tangential benefit to the Interstate System.

For these reasons we support the approach of S.548 to treat Union Station as a project worthy of a separate, independent funding authorization.

The Department supports the commitment of the Department of the Interior to complete repair of the roof with its own funds. Because of the more active role DOT is prepared to take, we would support a transfer of the Government's leasehold interest in Union Station from the Department of the Interior to the Department of Transportation, with the associated funding. We would also support such legislation as may be necessary to permit the Government to buy and sell the complex. Such authority may be required as part of an overall effort to assure private sector participation.

We propose that "such sums as may be necessary" be authorized to DOT for Union Station. Subject to the appropriation of funds, DOT would begin immediately to carry out the necessary comprehensive engineering surveys of the premises, to negotiate with private developers for sale of the building, and to proceed with preliminary design and preparation of final plans, specifications, and solid cost estimates for the rehabilitation needed in the historic building, the parking facility and ramps, and the tracks and platforms. Design would be oriented toward private development of Union Station. At the same time, the Department would undertake a market feasibility study to enable us to determine what private participation in this project may be anticipated. Also during FY '82, we would cooperate fully with the Department of the Interior as it completes the roof repair work it began last winter, and as we carry out the orderly process of transferring the property from Interior to DOT.

My staff is ready to begin work with this Committee to fashion our proposal into legislative language acceptable both to this Committee and to the Administration. I am hopeful that, together, we can set the stage for a realistic project to revitalize Union Station as a transportation and commercial center for the Nation's Capitol.

I would be happy to answer any questions you may have.

STATEMENT OF RICHARD R. HITE, DEPUTY ASSISTANT SECRETARY FOR POLICY, BUDGET, AND ADMINISTRATION, DEPARTMENT OF THE INTERIOR, BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, CONCERNING S. 548 AND S. 1192, BILLS TO AMEND THE NATIONAL VISITOR CENTER FACILITIES ACT OF 1968.

JULY 20, 1981

MR. CHAIRMAN, I APPRECIATE THIS OPPORTUNITY TO TESTIFY ON BEHALF OF THE DEPARTMENT OF THE INTERIOR, CONCERNING THE NATIONAL VISITOR CENTER.

THE NATIONAL VISITOR CENTER FACILITIES ACT OF 1968 AUTHORIZED THE DEPARTMENT OF THE INTERIOR TO OPERATE UNION STATION AS A NATIONAL VISITOR CENTER. REFURBISHING THE UNION STATION BUILDING AND CONSTRUCTING ADEQUATE PARKING FACILITIES WERE TO BE THE RESPONSIBILITY OF THE OWNERS OF THE PROPERTY, AND THE DEPARTMENT OF THE INTERIOR WOULD RENT THE FACILITY FOR NOT TO EXCEED $3.5 MILLION PER YEAR.

CONSTRUCTION TO CONVERT THE UNION STATION BUILDING TO A VISITOR CENTER BEGAN IN 1973. HOWEVER, THE NATIONAL PARK SERVICE OF THIS DEPARTMENT, WHICH HAS RESPONSIBILITY FOR THE PROPERTY, STOPPED CONSTRUCTION IN 1976 BECAUSE INCREASES IN CONSTRUCTION COSTS MADE IT IMPOSSIBLE TO FINISH THE WORK WITHIN AUTHORIZED FUNDING LEVELS.

BEGINNING IN 1979, APPROPRIATIONS FOR THE OPERATION OF THE VISITOR CENTER WERE REDUCED FROM $6,179,000 TO $4,258,000, OF WHICH $3.5 MILLION WAS FOR PAYMENT OF RENT. THIS LEVEL OF FUNDING REQUIRED THE PARK SERVICE TO CUT BACK ITS VISITOR SERVICES TO ONLY THOSE ESSENTIAL FOR MINIMUM MAINTENANCE AND THE HEALTH AND SAFETY OF PEOPLE.

IN THE 96TH CONGRESS, PUBLIC LAW 96-126 APPROPRIATED $2.3 MILLION FOR EMERGENCY REPAIRS TO THE VISITOR CENTER. WITH THOSE FUNDS CONSTRUCTION IS UNDERWAY ON 30 PERCENT OF THE EMERGENCY ROOF REPAIRS THAT ARE REQUIRED. COMPLETION OF THIS PORTION OF THE ROOF REPAIRS IS DUE NEXT MONTH.

PUBLIC LAW 96-610 OF DECEMBER 28, 1980, AUTHORIZED THE APPROPRIATION OF $11 MILLION FOR EMERGENCY REPAIRS TO THE VISITOR CENTER AND FOR THE ARCHITECT OF THE CAPITOL TO FURNISH STEAM TO THE VISITOR CENTER COMPLEX. WE HAVE PROPOSED TO THE APPROPRIATIONS COMMITTEE THE REPROGRAMMING OF $7.4 MILLION IN EXISTING CONSTRUCTION FUNDS TO COMPLETE THE ROOF REPAIR WORK UNDER THE $11 MILLION AUTHORIZATION. ON FEBRUARY 23, 1981, THE UNION STATION BUILDING WAS DECLARED UNSAFE AND CLOSED TO THE PUBLIC. HEAVY RAINS HAD BEEN POURING THROUGH THE ROOF.

IN OUR VIEW, THE NATIONAL SITUATION HAS CHANGED SIGNIFICANTLY SINCE 1968 WHEN THE NATIONAL VISITOR CENTER ACT WAS PASSED. AS AN EXAMPLE, THE RAIL PASSENGER DEMANDS OF THE COUNTRY HAVE INCREASED DUE TO THE ENERGY SITUATION. FOR THIS REASON, THE DEPARTMENT OF THE INTERIOR POSITION IS THAT THIS BUILDING SHOULD BE ADAPTIVELY REUSED FOR A VARIETY OF PURPOSES, INCLUDING, IN PART, ITS ORIGINAL PURPOSE AS A RAILROAD TERMINAL, RATHER THAN CONTINUING EFFORTS TO TRY TO CONVERT THE FACILITY TO A VISITOR CENTER. OUR BUDGET REQUEST FOR FISCAL YEAR 1982 CONTAINS NO OPERATING FUNDS FOR THIS FACILITY, ONLY THE RENT PAYMENTS WHICH CONTINUE AT THE RATE OF APPROXIMATELY $3.5 MILLION PER YEAR FOR THE NEXT 20 YEARS.

ACCORDINGLY, THIS DEPARTMENT SUPPORTS LEGISLATION TO TRANSFER ADMINISTRATIVE RESPONSIBILITY FOR UNION STATION TO THE DEPARTMENT OF TRANSPORTATION TO COMPLETE CONSTRUCTION AND TO UNDERTAKE APPROPRIATE REUSE THROUGH UTILIZATION OF THE PRIVATE SECTOR.

THE DEPARTMENT OF THE INTERIOR IS PRINCIPALLY CONCERNED THAT THE ARCHITECTURAL FACADE OF THIS FINE BUILDING BE PRESERVED. WE NOTE THAT WHILE BOTH S. 1192 AND S. 548 CONTAIN PROVISIONS FOR THE TRANSFER OF THE FACILITY TO THE DEPARTMENT OF TRANSPORTATION, SECTION 4 OF S. 1192 SPECIFICALLY ESTABLISHES THE GOAL OF PRESERVING THE EXTERIOR FACADE AS CONTROLLING FURTHER WORK BY PRIVATE DEVELOPERS. WE, THEREFORE, PREFER THE APPROACH IN S. 1192.

AS TO THE REMAINING PROVISIONS IN THE BILLS, WE WOULD DEFER TO THE VIEWS OF THE DEPARTMENT OF TRANSPORTATION.

TESTIMONY OF

THOMAS M. DOWNS

DIRECTOR OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF TRANSPORTATION

BEFORE THE

SENATE COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS

JULY 10, 1981

TESTIMONY OF

THOMAS M. DOWNS

DIRECTOR
DEPARTMENT OF TRANSPORTATION
THE DISTRICT OF COLUMBIA

BEFORE THE

SENATE COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS

JULY 10, 1981

Mr. Chairman and Members of the Committee:

It is a pleasure to be before your Committee. The District is gratified to see that your Committee is willing to tackle the problems that have plagued the Union Station/ Visitors Center and try to fashion a solution.

The District strongly supports the need for legislation in this area. We believe that S. 1192 and S. 548 are sound bills and we support them, although, of course, S. 1192, because it is a more recent bill, reflects a number of developments that have occurred since S. 548 was introduced.

We believe S. 1192 is particularly attractive in a time of budget problems because it essentially requires no new federal funds; it merely directs money that is already authorized and appropriated be used to solve the building's problems. In addition, the advance payout provision in the bill of the government's current lease/sale arrangement, would save the government $27.8 million over the current lease agreement. By encouraging a private developer role, possibly $12 million or more in cost offsets are available to the government. In summary, S. 1192 presents a workable solution to the Union Station problem, without a budgetary impact, and makes available major potential savings to the government compared to other approaches.

The City of Washington has a great deal at stake in this project. First, the District has already made major financial commitments to the H Street Overpass directly behind the station, the H Street garage access ramp, the Metro Station and the Columbia plaza reconfiguration in front of the station. Because the building is now an empty shell, a return on those initial investments has not been realized.

Secondly, Union Station is the city's major transportation hub: it is the southern terminus of the Northeast Corridor - Amtrak's most heavily traveled route; it is the location of numerous commuter and long-distance trains, of the City's second-busiest Metro station, of a major interchange for Metro bus passengers, and of a potential staging area for intercity bus passengers. The current locked-up building and unfinished parking structure can't adequately serve these needs.

Third, despite the enormous flow of tourists through the nation's capital - Washington, unlike most other major cities, lacks a functioning visitor's information and orientation center. The Union Station complex has never worked as a visitor center because the parking garage has never been usable. If the garage and the access ramp were completed, it would be possible to use the garage as the parking and staging area for tour buses, as well as for tourist auto parking, and as a connection for Tourmobiles. Locating the tour buses on the bus deck would mean that there would actually be a heavy flow of visitors for the Visitors' Center. Since the Architect of the Capital is trying to remove tour buses from the front of the Capital, this could provide a solution for Congress' and the City's increasing problems with managing and staging the tourist flow. S. 1192 keeps open the possibility of locating a visitor center in the building.

To summarize, the City of Washington is very interested in getting a solution to the Union Station dilemma because: (1) it has already made major and as yet unrealized investments in the facility; (2) it needs its major transportation terminal to function, and (3) a visitor's center would help solve city-wide problems with orienting and managing the growing tourist flow.

Many of the costs associated with this project, as S. 1192 recognizes, could be overcome without the need for any significant new authorization. Two of the worst cost problems involve, (1) completion of the parking garage and (2) completion of the southeast ramp leading to it. Without a parking facility, and without access to it, there is no way that train passengers, visitors, or other possible development can be adequately served. The District is prepared to make a major contribution to solving the problems associated with this project by devoting approximately $35 to $40 million of the highway funds it is apportioned under the Federal Highway Act in FY '81 or FY '82 toward completion of the parking garage and the access ramp. District citizens, of course, pay substantial taxes into the Highway

Trust Fund, and the District has approximately $40 million of Interstate funds that will lapse in both FY '81 and FY '82. These funds (under Highway Act Sections 142 and 120(g)) could be used to complete the parking garage and the connecting ramp as an Interstate intercept parking facility. This is contract authority money, requiring neither further authorization or appropriation. S. 1192, to ensure that these funds are approved promptly, directs their expenditure and waives various procedural requirements. Construction could be undertaken by D.C. D.O.T., or funds could flow through D.C. D.O.T. to D.O.I., U.S. D.O.T., or another federal agency as project manager.

I do have one concern regarding use of the District's apportioned Interstate funds for the garage and ramp. A project of this magnitude obviously would have a major effect on both the District's federal aid highway obligation ceiling and Interstate apportionment level. In FY '81 and '82, the District's street and bridge expenditures will be considerably lower than the obligation ceiling. In 1983, however, the District expects to have several major long-planned projects in construction, including Interstate projects, and for the first time in a decade will be using most of its available federal highway funds for these projects. These other projects cannot be delayed. Thus, it is extremely important, particularly in light of the up to 10 months of design time required, that the project be obligated in FY '81 or FY '82.

If the legislation passes Congress in the next two months, the timing on FY '81 or FY '82 obligation therefore could be extremely tight. Thus, it is vital that the legislation move promptly if D.C. is to use its Interstate funds to offset a major portion of the overall project costs.

While the District is willing to use its Federal aid highway funds to contribute to a solution of this dilemma, it does not want to act in a vacuum. Little is achieved by simply completing a garage and ramp to serve a closed-up unsafe building. Before it commits these funds, the District needs to be assured by the other agencies involved that the other parts of this puzzle are going to be solved. These include continued Northeast Corridor commitment to an improved train facility, completion of repairs to the roof and building infrastructure (including wiring, plumbing and plastering), and keeping open the visitor center option.

There is one final element that requires discussion: the possibility of private development of the office and retail space in the building and of the adjoining of land parcels. There are already major office, hotel and retail development plans for the area north of Union Station, with corresponding jobs and property taxes that would benefit Washington. Development of Union Station, with its prime location near the Capital, could anchor and ensure sound and attractive development of this part of the City. Developers we have informally talked to believe that there are very real private development possibilities for Union Station, although before any developer would be willing to move, the roles of the involved federal agencies would have to be clearly established. It is our sense that the office and commercial space in the building will not generate enough revenue for a private developer to solve all the building's problems. If the garage, ramp, roof infrastructure, and train access problems are solved, a developer might undertake renovation of office, potential retail areas, and other building improvements. Using this approach, it really might be possible to get the kind of innovative development in this landmark building that has characterized projects like Boston's Fanueil Hall and Baltimore's Harbor Place.

In conclusion, let me again emphasize the importance of this project to the future of the City and underscore the City's willingness to assist you in solving the problems here. The District strongly supports the legislation now pending before the Committee. On the other hand, as this Committee knows only too well, if action is not taken soon, the building is going to continue to deteriorate, further increasing the costs the government eventually will have to bear, and the District's Interstate funds will have to be committed elsewhere.

TESTIMONY OF

LAWRENCE D. GILSON, VICE PRESIDENT

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

ON WASHINGTON UNION STATION

BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

JULY 20, 1981

UNION STATION TESTIMONY

Mr. Chairman, the whole problem of Washington Union Station needs a fresh approach.

As the Committee is aware, in 1976 the Washington Amtrak terminal was moved out of Union Station to a temporary terminal behind the building to make way for the National Visitor Center. This temporary terminal has proved to be grossly inadequate. Passing through this cramped building are approximately 4 million passengers a year. These passengers must hike over a quarter of a mile from curbside to reach our station. With the completion of the Northeast Corridor Improvement Project (NECIP) in 1985, we expect the passenger use of the station to increase by 35 percent. The Federal Railroad Administration (FRA) has projected the 1990 patronage of the station to increase to approximately 9 million.

To add to the already menacing situation our Washington passengers face, the National Visitor Center was declared unsafe earlier this year and closed. Now even the covered access to our temporary station through the Visitor Center has been lost. The long trek must now be made out of doors, rain and shine, winter and summer. What was built as a monument to rail passenger service in the United States and served later as an orientation place for visitors to the Nation's Capital now stands in quiet disgrace, the subject of public ridicule and the stepchild of past railroads, Congresses and Administrations.

I believe the fresh approach we have been looking for is embodied in the legislation offered by Senator Gorton and the Senate Commerce, S. 1192, and in Senator Moynihan's bill, S. 548. Both seek to return Union Station to a rail passenger terminal and then to commercially develop the unused portions of the station.

In agreement with the legislation, Amtrak believes first and foremost, that Washington Union Station should be a transportation center. As a transportation center, the rail terminal should be returned to the building and the tracks brought back to the Concourse. Secondly, we have felt for sometime that greater use of the building should be sought through the commercial development of the unused portions of the station Such development could produce rental income to help defray the annual federal lease payment, create downtown job and tax revenues, and generally contribute to the revitalization of an improving portion of downtown Washington.

To confirm our belief, last year we asked the Urban Land Institute (ULI), a professional society of developers, to study the commercial potential of Union Station. An independent panel of nationally renowned developers was assembled by ULI to study the question. The panel affirmed Amtrak's belief that opportunities for large scale successful commercial development did exist at Union Station.

The panel concluded that the station should be primarily a transportation terminal and as such, the key anchor of multi-use development. The panel emphasized the need to focus responsibility for that development on a single entity.

The panel specifically suggested that a renovated, commercially developed building could include: a much improved, more accessible train station to accommodate the growing number of rail passengers using Washington Union Station; food service ranging from fine restaurants to fast-food outlets, specializing in distinctively American foods; specialty shops featuring typically American items; special displays and exhibits; seasonal promotions; office space and railroad worker dormitory space on upper floors; and information and display space targeted to the visitors entering the Nation's Capital.

According to figures developed by the ULI panel, a multi-use station complex could serve the 18,000 travelers per day which will pass through Union Station, some 14 to 16 million annual Washington visitors, plus 70,000 office workers within walking distance and a Metro market of more than 3 million persons.

The panel estimated that a commercial complex would generate sufficient revenue to cover its own costs and also to defray part of the $3.5 million annual rent the federal government pays for the building.

The panel's report gave Amtrak the impetus by which to attract the interest and support of many other parties.

Several developers have contacted Amtrak to express serious interest in commercially developing Union Station.

As in so many other aspects of the transportation industry, the solution to Washington Union Station lies with the government provision of the basic infrastructure -- in this case through the restoration and preservation of the basic historical structure. Both S. 1192 and S. 548 provide for this basic infrastructure. S. 1192 provides for no new funds but relies on existing funds to return Union Station to a rail passenger terminal, repair the building and finish the parking facility. Specifically, $45 million from the Northeast Corridor Improvement Project (NECIP) would be used for many of the beforementioned items; the Department of Interior would repair the roof with existing funds; and the District of Columbia would be allowed to use approximately $35 million in its Federal-Aid Interstate Highway funds apportionment to complete the parking garage, the vehicle ramp and the taxi loop.

Recognizing the large federal investment that has already been made in the National Visitor Center and given the current budget situation, S. 1192 appears to be the best approach for preserving Washington Union Station as a transportation and commercial center. The legislation contains the concept of leveraged private participation with federal dollars to help defray the long-term federal cost. But this approach will be disastrous if it does not have the full and enthusiastic backing of the federal government and the other parties involved with Union Station.

A key point made by the ULI panel was the need for a single entity to coordinate the repairs and use of Union Station. Amtrak has long hoped for a solution to the Union Station problem because of our natural interest to provide high quality service. Our ability to provide such service is hindered by the current situation and has grown worse in the last few months.

Amtrak offered last summer to assume managerial responsibility for maintaining the building and that offer still stands. Amtrak, representing the interest of the users of the building, the District of Columbia, and the federal government would seek a private developer to undertake commercial development of the unused portions of the building. Such development would be done in such a way as to maintain the integrity of the historical architecture and guarantee the interest of the users.

Congress may have some concerns about placing the responsibility for development of Union Station in Amtrak's hands. Amtrak is already a major owner and developer of real estate property, much of which was conveyed to Amtrak from Penn Central. Amtrak manages and leases commercial space in such major stations at Philadelphia; Penn Station, New York; Baltimore; Wilmington; Harrisburg; and other areas which, together with other holdings, will bring in an anticipated net revenue of $16 million during FY 1981. A significant development is the start of construction on a 22-story (1 million square foot) air rights development at the

Amtrak-owned (50 percent) Chicago Union Station with the Tishman Management Corporation.

In addition, Amtrak and the Carley Capital Group, a venture capital organization, are pursuing the commercial development of 30th Street Station and 30 acres of adjacent air rights. The key to beginning the project was the cooperation and participation of the City of Philadelphia and the Federal Railroad Administration.

The project is currently in the feasibility and planning stage in which the market, financial, and economic feasibilities of the proposed project are being studied to determine the optimum mix of use. The scope of work contemplated includes renovation of the station, a new complex over the tracks linked to the station by a skywalk which could eventually include offices, an auditorium facility, a hotel, and retail shops. A major California based architectural firm has already been retained, and strong interest to participate in the project has been expressed by foreign investors.

Amtrak believes that the Philadelphia approach can be taken with regard to Washington Union Station. A majority of the work contemplated in S. 1192 would be funded out of NECIP. The NECIP program was established by the Railroad Revitalization and Regulatory Reform Act of 1976 (4 R Act) to improve railroad passenger service between Washington, D.C., New York, and Boston. Amtrak owns the Northeast Corridor of which Washington Union Station is the southern most terminus, operates the service, and is expected, ultimately, to be responsible for all deferred projects that are essential to meeting and maintaining Congressional goals relating to revenue, trip times, and level of service. Recently enacted legislation provides, effective October 1, 1985, that the Secretary of Transportation transfer to Amtrak all authority and responsibility to carry out the NECIP program and implementation of the goals of the 4 R Act. The Act further provides for the immediate (within 90 days) transfer of responsibility of the NECIP track improvement program from FRA to Amtrak.

As the major tenant with established real estate experience, Amtrak believes it is in the best position to bring about the successful transportation and commercial development at Washington Union Station.

Amtrak desires this challenge and seeks the confidence of and the direction from Congress.

UNION STATION
WASHINGTON, D.C.

AN ASSESSMENT OF COMMERCIAL DEVELOPMENT OPPORTUNITIES

AMTRAK - THE NATIONAL RAILROAD
PASSENGER CORPORATION

A Panel Advisory Service Report by

ULI-the Urban Land Institute
1200 18th Street, N.W.
Washington, D.C. 20036

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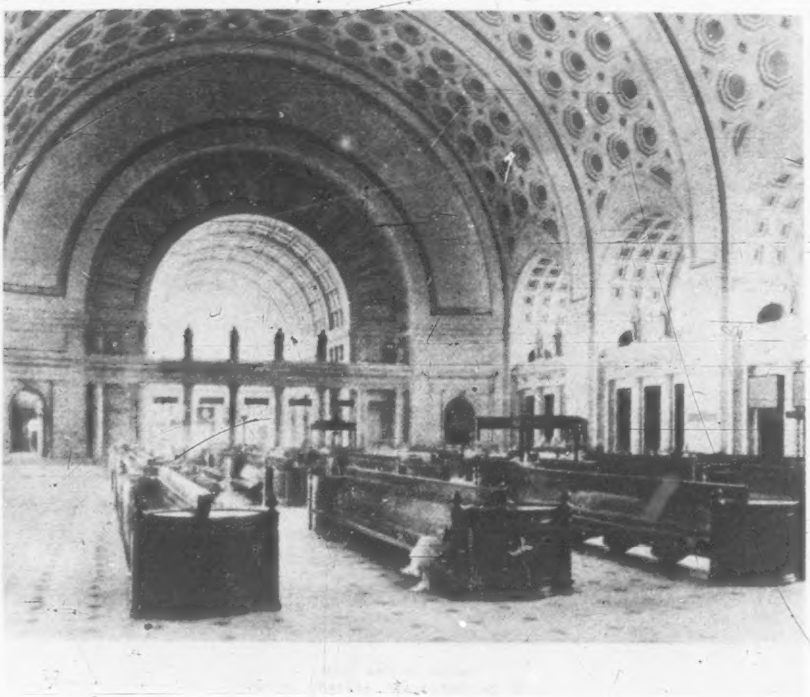
UNION STATION, WASHINGTON, D.C.
1904-1907

Early photo of Union Station.

FOREWORD

This report presents the results of a panel study of the commercial potential of the Union Station complex in Washington, D.C. The study was sponsored by Amtrak-The National Railroad Passenger Corporation.

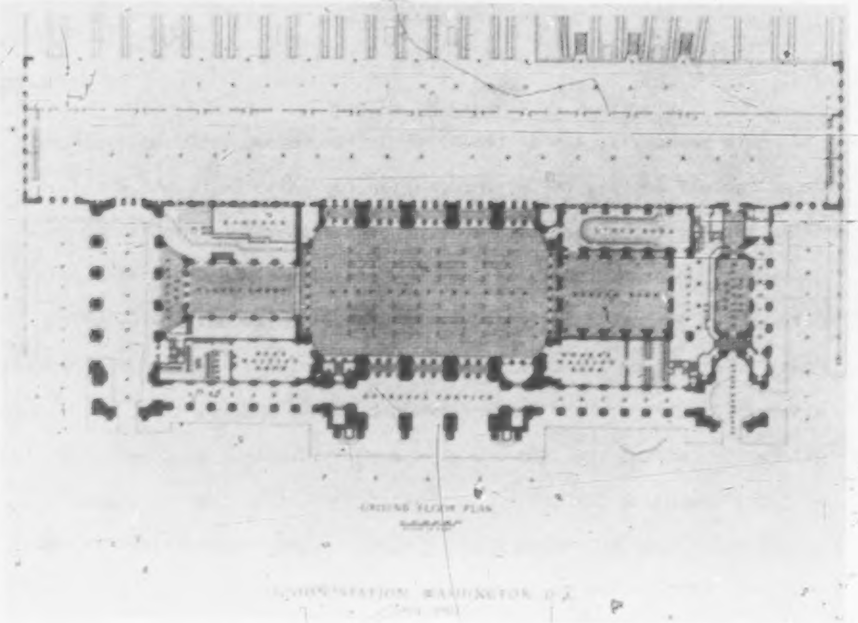
The Panel Advisory Service program is offered by ULI-the Urban Land Institute as a means to bring the practical experience and talents of ULI's leading members to bear on difficult community and project development questions. The Panel program has served hundreds of communities and developers for more than a quarter of a century. Panel members from ULI's nine Councils are carefully selected to fit the needs of each Panel assignment. Members contribute their time and knowledge to the Councils and the Panel Advisory Service without personal remuneration.



Original waiting room in Union Station.

ACKNOWLEDGMENTS

Both personally and on behalf of ULI-the Urban Land Institute, the Panel members express their appreciation to: Alan Boyd, the President of Amtrak for the opportunity to conduct the study; Larry Gilson, Vice President, Government Affairs, and Barbara Clarke, Congressional Affairs Officer for Amtrak, for their work in preparing the advance briefing book, in arranging the on-site tour and Panel interviews, and in providing other information to the Panel; and John Fondersmith of the D.C. Planning Office for guiding the tour and providing information on development activity and plans for the Union Station vicinity. Special thanks go also to the many government officials and private business people who willingly contributed their time and knowledge in interviews with the Panel.


GROUND FLOOR PLAN
UNION STATION WASHINGTON D.C.

Original floor plan for Union Station.

PANEL MEMBERS

Donald R. Riehl, Chairman of the Panel, is an Executive Group Member of ULI-the Urban Land Institute, currently serving as Chairman for the Commercial and Retail Development Council. A trustee of ULI, he is on the Executive Committee and is Vice Chairman of the Land Use Policy Council. Since 1969, Riehl has headed his own real estate development company, D. R. Riehl, Inc., developing, building, and managing retail, commercial, office, and mixed-use projects for his own account and on a fee basis for corporate clients. Riehl is also development consultant for a 6,000-unit, 10,000-acre recreation-oriented development and is a member of the board of Trimont Land Company, a real estate development subsidiary of Fiber Board Corporation, developers of North Star at Tahoe. Riehl was formerly Vice President of Donaldson, Lufkin and Jennerette, a New York financial management and investment banking firm, and was President of DLJ Real Estate, Inc. In this capacity, he conducted real estate investment analysis for a variety of major corporations. He was also Vice President of Development for the Oliver Tyrone Corporation in Pittsburgh. Riehl is a graduate of the University of California and the Harvard Business School, where he served on its research faculty. He has written several authoritative articles on corporate real estate development and management and has been a faculty member of various corporate real estate investment seminars.

Edmund N. Bacon is Vice President of Design and Development for Mondev International, Ltd., of Montreal. He is a ULI Fellow and serves as an

Executive Group Member of the Urban Development/Mixed-Use Council. An urban consultant, Bacon received his degree in architecture from Cornell University. He spent 2 years as a city planner in Flint, Michigan, and then began his work in Philadelphia in 1938, as Managing Director of the Philadelphia Housing Association. He became Executive Director of the Philadelphia City Planning Commission in 1949 and, under his leadership, the city started a restoration and rebuilding program that won international attention. He has served on Secretary Udall's Potomac River Basin Task Force. Bacon is the author of Design of Cities which chronicles the historical development of the city from ancient Athens to modern Brasilia. He is a Fellow of the American Institute of Architects and a member of the American Society of Planning Officials and the American Institute of Planners. In 1971 Bacon received the Distinguished Service Award of the American Institute of Planners, and in 1974, the gold medal of the Royal Institution of Chartered Surveyors.

Warren Beck is an Executive Group Member of ULI-the Urban Land Institute, serving on the Commercial and Retail Development Council. Beck has been with Gabbert & Beck since 1972, involved in retail and commercial development. Presently he is responsible for all operations of a retail development company, including site acquisition, concept planning, construction management, leasing, financing, and property management. Since 1972 the company has developed five shopping centers ranging in size from 35,000 to 175,000 square feet. During this period, the company constructed a single-use retail facility of 100,000 square feet and an accompanying retail distribution facility of 135,000 square feet. The shopping centers it developed are specialty centers, providing retail space for primarily local, specialty goods retailers. Beck received his B.A. in liberal arts in 1967 from Gustav Adolphus College. He is a member of the International Council of Shopping Centers.

Lance Burris is an Executive Group Member of ULI-the Urban Land Institute, currently serving on the Commercial and Retail Development Council. As Economic Development and Renewal Administrator for the city of Richmond, California, Burris is developing and implementing an economic development strategy for the city. In addition, he heads the Redevelopment Agency. Burris is currently focusing his attention on the downtown and a 900-acre harbor renewal project. His past experience includes that as Project Director of the San Francisco Redevelopment Agency where he supervised a $10-million international architectural contract and coordinated the legal, political, and financial planning for the project. Burris has a B.A. in history from the University of California at Berkeley and an M.S. in business administration and finance from Boston University.

James Coker is an Executive Group Member of ULI-the Urban Land Institute, serving on the Commercial and Retail Development Council. He is the owner of Jim Coker & Associates, an independent development and consulting firm located in Dallas. His Olla Podrida development is Dallas's number one tourist attraction and generates the highest sales per square foot of any retail center in Dallas. Medical City, another one of Coker's projects, is privately owned and leased to Humana, Inc., and is a 380-bed acute care hospital which has been acclaimed as one of the nation's most efficient and innovative health care facilities. Coker has been responsible for profitable turnaround and work-out solutions on problem properties as well as total development-management programs on new projects. As a principal, he has had prime responsibility for developments with value in excess of $120 million and has personally negotiated leases with a gross income of over $90 million. For 14 years, Coker was a partner with Trammell Crow Company, one of the nation's largest real estate developers. Born in Albany, Texas, Coker graduated from Yale University in 1955. He is a Director of the North Dallas Chamber of Commerce and the Dallas Arboretum and Botanical Society.

Charles M. Kober is an Executive Group Member of ULI-the Urban Land Institute, serving as Vice Chairman for the Commercial and Retail Development Council. Kober joined Kober Associates in 1946 and became a partner in 1959. In that 13-year period, the company expanded from its store planning and design orientation to one which has great breadth in planning and design capabilities, as well as a concentration of highly qualified professionals. Since he assumed the position of President of Charles Kober Associates in 1959, Kober has directed the planning, design, and construction of over four dozen regional shopping center and department store projects, as well as many other buildings and developments of various types. The shopping centers have ranged in size from 500,000 square feet of building area to complexes containing nearly 1.5 million square feet. Included among these projects are shopping center renovations, urban redevelopment projects, and multi-use complexes. Kober is a licensed architect in the state of California and numerous other states and holds a Certificate from the National Council of Architectural Registration Boards. He is a past Director of the University Club of Los Angeles, and a past Secretary of the United

States Olympic Yachting Committee, a member of the Los Angeles Rotary Club, and is listed in Who's Who in America.

Peter McGill is a Member of the Urban Land Institute. He founded his own commercial real estate development and consulting company in April of 1977. Currently, the McGill Company is handling the leasing of Regency Square Shopping Center in Jacksonville, Florida. Regency Square is a two-department store, enclosed mall which is doubling in size. When the expansion is completed in March of 1981, Regency Square will contain 1.1 million square feet with four department stores. The McGill Company also acts as a consultant to a number of mall-oriented retail clients. Along with the leasing and consulting business, McGill is in the planning stages of several development projects which include hotel, office, retail, and warehouse uses. Before forming his own company, McGill was Vice President in charge of leasing and marketing for Federated Stores Realty, Inc., a shopping center development company wholly owned by Federated Department Stores, Cincinnati, Ohio; Director of shopping center leasing for the Goodman Company in Allentown, Pennsylvania; and Regional Director of leasing with the Rouse Company in Columbia, Maryland. McGill graduated from the University of Virginia in 1963 with a B.S. degree in psychology. He is a member of the International Council of Shopping Centers.

ULI ON-SITE STAFF FOR THE UNION STATION PANEL ASSIGNMENT

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Associate Director of Research

Peggy Richardson

Administrative Assistant, Membership Services

Alan Boyd, President of Amtrak, briefs Panel.

INTRODUCTION

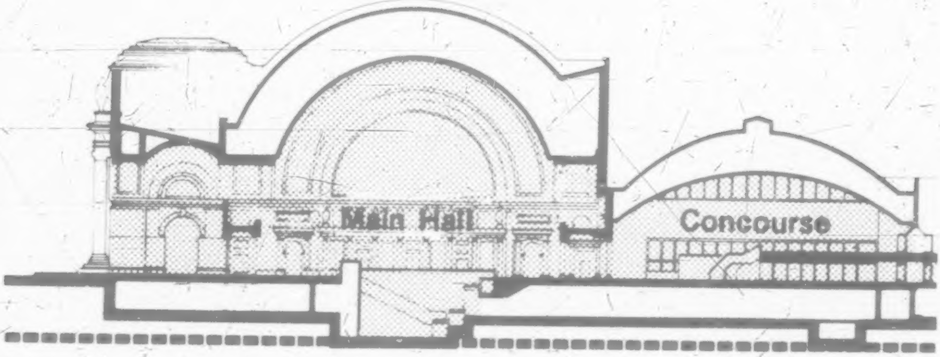
Union Station was built in 1908. With the decline of railroad ridership in the 1950s and 1960s, the Penn Central and Chessie made plans to demolish the building and move to a smaller building. Members of Congress and interested parties intervened and had the building declared a national historical structure in 1967.

Coincidentally, Congress passed legislation to establish a National Visitor Center which was to occupy the main Burnham building and Concourse area in Union Station. A railroad passenger terminal was built behind Union Station by the Washington Terminal Company (WTC) which is owned by the railroads. At present, Amtrak and Chessie each own 50 percent of WTC's stock.

As part of the planned National Visitor Center, construction of a 4,000-space parking facility and a new access ramp and roadway circulation system was started but never finished. The parking garage project fell far behind schedule and two additional appropriations had to be sought by Congress. Finally in 1976, the Department of Interior terminated agreements with the general contractor for the parking garage, leaving all but interior building changes to Union Station unfinished and deteriorating. The National Visitor Center itself opened for operation on July 4, 1976.

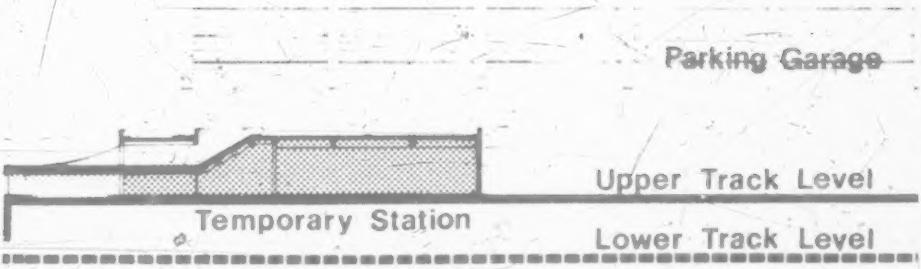
In 1976, Congress passed legislation to improve rail passenger service along the northeast corridor between Washington and Boston. The goals of the $2.5 billion Northeast Corridor Improvement Project (NECIP) are to upgrade the route and stations to provide high-speed, high-frequency service which will in turn increase ridership on the system. On and off rail passenger traffic at Union Station totaled 2,516,544 persons in FY '79. Amtrak expects a 35 percent increase in the use of Union Station terminal by 1985 due primarily to the NECIP improvements and the continuing rise in operating costs of automobiles.

The inadequacies of the rail passenger terminal behind Union Station and the expected increase in ridership led the Department of Transportation to recommend in 1978 that that part of Union Station known as the Concourse be converted back to a rail passenger station.



Pending Legislation

At present, the National Visitor Center occupies the entire Union Station building. Both Houses of Congress are currently considering proposals which would turn over some of that space for new uses. However, neither House nor Senate proposals foresee commercial activity as the sole or major use of the Union Station complex. The House legislation provides for the continuation of the National Visitor Center in the main building with the Concourse area used for concessions and as a rail passenger terminal. The Senate legislation provides for rail and intercity bus passenger terminals, a much smaller National Visitor Center, and extensive concession space. Whatever the outcome of legislative proposals pending before Congress, the consensus is that some of the space in the Union Station complex should be used for commercial retail development.



Cross-sectional view of Union Station and train facilities.

Union Station Ownership

The Department of Interior presently holds a 25-year lease to Union Station with an option to buy. The lease includes the Union Station building (main building and Concourse) and the land and air rights to H Street on the west side and to G Street on the east. The Department of Interior also owns the unfinished parking facility behind Union Station.

The Washington Terminal Company has maintained certain rights to the tracks immediately behind Union Station and owns the temporary passenger terminal. It also owns the land beyond H and G Streets respectively to Florida Avenue, N.E., which includes tracks, the coach and engine yards and several buildings, as well as various surface and subsurface rights through and under the Department of Interior's leasehold and a leasehold of related railroad properties between W Street and New York Avenue.

Union Station proper contains 349,000 square feet, of which 85,500 square feet make up the Concourse. The temporary rail terminal contains 32,000 square feet. In addition, a Metro station is in the complex and many intracity buses serve the station area.

Union Station's Neighbors

The area east of Union Station is residentially zoned with a small amount of commercial development allowed, such as restaurants and office buildings. Union Station and the areas to its west and north are zoned for heavy industry. The area west of the station is designated as the Northwest #1 Urban Renewal Area. Other existing activity in the vicinity includes:

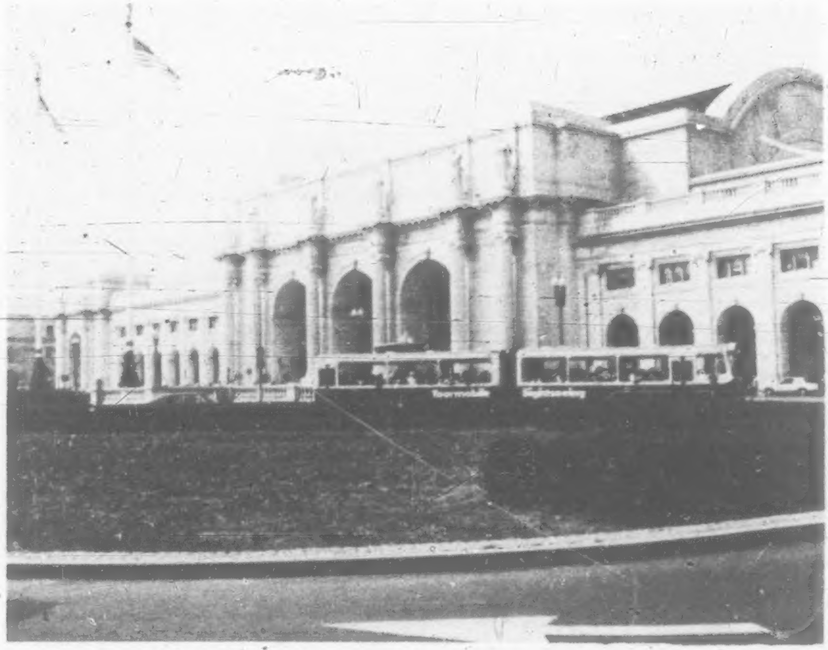
- The Capitol
- Supreme Court
- Securities Exchange Commission
- Department of Defense
- Government Printing Office
- District of Columbia's Main Post Office
- Unions (Letter Carriers Union and The Carpenters, Teamsters, and Railroad Employee Union)
- Hall of States and Amtrak
- Georgetown Law School
- Hotels (Hyatt Regency, Quality Inn, Commodore, Bellevue)
- Approximately 22 widely spaced restaurants, cafeterias, and few, if any, shopping facilities

Potential Commercial Development in the Union Station Area

The Government Printing Office, containing 200,000 square feet, is scheduled to move to another part of the city in 2 years although the move is behind schedule. In the future, the Main Post Office may expand, and the Quality Inn which is south of the station may construct a 200-room addition.

The District of Columbia government is interested in developing the area north of Union Station in light industry. But, to date, Congress has been unfriendly to the idea, going so far as to cut completely the funds for the District's Office of Business and Economic Development. Congress, however, is not hostile to office and retail development in the area.

Other major commercial development planned for the downtown area of the city includes a convention center extending from 9th and 11th Streets to New York Avenue, N.W., and extensive development of Pennsylvania Avenue from 15th Street to 5th Street, N.W.



Union Station today.

THE PANEL'S ASSIGNMENT

The general objective of the Panel study was to determine first whether or not viable commercial space can be developed within the Union Station complex and, if so, the types of commercial development and the steps required to realize such development. Within this objective, the sponsor identified four subtasks and specific questions related to each of these to be addressed by the Panel. They were as follows:

I. To identify the development incentives and constraints which may influence the physical development of the Union Station complex.

- A. Given the limited space, does sufficient space exist to make commercial retail development viable in the Union Station complex?
- B. What is the development potential for the air rights over tracks from the station to H Street, N.E.?
- C. Given the role of Congress in determining the building's use, what kinds of assurances would have to be given to a developer to undertake commercial development in the building?
- D. What role should the District of Columbia play in the development of Union Station concerning:
  1. Public infrastructure support;
  2. Public advertisement; and
  3. Coordination and assistance with District zoning and development laws?

E. What role should Amtrak play given its concerns for providing services to passengers and at the same time maximizing revenues?

F. What role should the federal government play (particularly the Departments of Interior and Transporation) based on its mandated presence in the building in relation to:

1. The National Vistor Center and
2. The rail and bus terminals?

Train passengers moving to and from terminal through old station.

II. To identify ways to maximize the appeal of development given its proximity to the Capitol, federal office buildings, the National Visitor Center, and the rail passenger station.

A. What mix of commercial retail would be best suited for the Union Station complex?

B. What kind of development would complement as well as compete with other commercial development being undertaken in the District of Columbia?

C. Is there another type of economic development activity which might be better suited for the Union Station complex? Are there activities that should be discouraged?

D. What are the advantages and disadvantages to the building being a national historical structure?

E. What could be done to develop nighttime as well as daytime activities?

F. What effect would the commercial development have on the residential neighborhood which borders Union Station on the east side?

III. To suggest a development plan concept.

A. How could new development be integrated physically and functionally with existing development and activities, including the rail terminal; the National Visitor Center; the Capitol; and nearby office, commercial, and residential uses?

B. What architectural design could the Panelists envision for such development, based on the space constraints and historical nature of the building?

IV. To identify implementation strategies and suggest private and public roles.

A. How does Amtrak use public sector efforts and expenditures to leverage other private investments?

B. What municipal and private services and improvements not currently provided to the station would be needed?

C. What specific role and objectives should Amtrak strive for in the commercial development of the Union Station complex?

Panel tours the National Visitor Center theater and Concourse area.

PANEL REPORT HIGHLIGHTS

- Commercial development in Union Station is feasible provided certain conditions as set forth by the Panel are met.
- The Panel recommends the development of a stimulating mixture of commercial, retail, restaurant, entertainment, educational, informational, and transportation activities.
- The essential elements for successful completion of the project are that Congress provide funds to restore the building and supply adequate parking and that one authority be appointed to negotiate with a single private developer who will have full authority to complete the proposed development and manage it.
- The architecture of the Burnham building should be respected and preserved.
- The rail terminal should be relocated in the Concourse and the track carried all the way to the Concourse.
- It is recommended that the bus terminal not be located in the Union Station complex.
- Adequate parking should be provided to serve the Union Station complex.
- The parking deck should be used for intracity buses and certain tour and charter buses.

Arcade at front of Union Station.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Union Station is one of the great architectural statements of this country. It contains one of the finest interior spaces in the United States. It can be, and should be, an integral element in visiting or living in the nation's capital. However, it is not simply a complex physical structure which is involved but also an intricate combination of ownership interests, jurisdictional elements, management responsibilities, operating arguments, legal entities, and political interests. The challenge in responding to the questions put before this Panel has been that of cutting through this mass of relationships to come to grips with the fundamental issue involved -- how to create an economical and functional multi-use complex at Union Station with mixed public and private functions. There is no question that this group or any group for that matter could easily become mired in the institutional and political entanglements surrounding Union Station.

While being mindful of these complexities and increasing its knowledge and understanding of these relationships, the Panel looked at the questions posed by the sponsor and dealt with them as though a single entity had both the authority and control to resolve the conflicts. The Panel quickly concluded that it was impossible to sort through the problems and reach realistic conclusions when restricted by the existing jurisdictional encumbrances and that unless there are major, fundamental changes in the control and direction of Union Station, a successful solution would be unlikely now or in the future, regardless of the amount of money spent.

Bearing this in mind along with the tasks and questions assigned by the sponsor, the Panel analyzed the functional, institutional, market, and physical constraints and opportunities which would govern both the feasibility and nature of the integration of commercial uses into Union Station. When the Panel had assessed the constraints and opportunities, alternative use schemes were considered and conclusions reached regarding the development concept to be recommended. Finally, recommendations concerning development, management, and public support of the project were made. The findings, conclusions, and recommendations of the Panel are presented in the following sections.

Barbara Clarke of Amtrak and Georgia Allard, Director of the National Visitor Center, lead Panel on tour of the station.

CONSTRAINTS AND OPPORTUNITIES

Institutional Constraints and Requirements

Many agencies and individuals have attempted to ensure the preservation of Union Station during the 1960s and 1970s and to restore it as a viable element in the city fabric. Under the sponsorship of various federal entities the possibility of saving the structure still exists. It is unfortunate, however, that many agencies, including committees of the House and Senate, find themselves working at cross-purposes. Different groups have asserted contradictory objectives. The possible solutions have been temporary in nature and therefore have not contributed to a permanent solution. Divided authority has lead to illogical action. Territorial differences have blocked rational, timely solutions, and poor control of construction costs has prevented completion of the proposed structure.

The continued deterioration of the building and of the activities within the structure have created a depressing effect which can only worsen unless a major effort is made in a new and more viable direction.

It is the consensus of the Panel that due to the limitations and constraints of the physical condition of the structure and the present division of authority and responsibility for functions and space management among government agencies together with their limited real estate development and management experience and skills, the use of Union Station for commercial-retail activity is not viable. Nor is its use for any continuing public purpose viable due to its rapid deterioration.

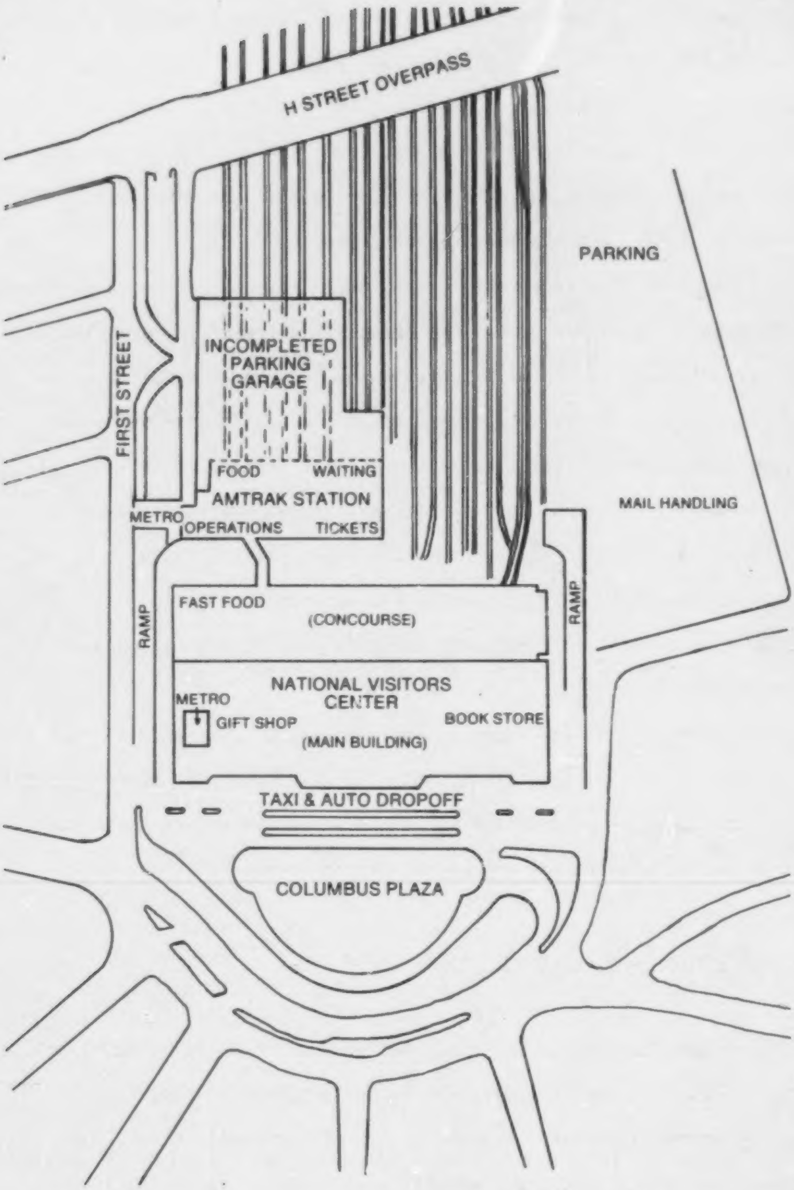
However, retail development of a special nature is feasible and desirable under the following conditions:

- Recognition that the building is a valuable, national architectural landmark whose preservation and enhancement justify the efficient spending of adequate funds to restore it and maintain it, regardless of the rate of economic return, or its eventual use.
- Adequate funding by the federal government (Congress) to complete the parking facility and restore the roof structure, interior-exterior masonry, and the electrical and mechanical systems. Parking and utility services must be provided to the project as part of the reconstruction process.
- Establishment of a single authority designed and authorized to negotiate with a competent, experienced developer who will manage and plan the project, oversee the spending of restoration funds, refinish lease space, and function as the leasing and property management. The entire complex (rail, Metro, auto, intracity, and tour bus facilities, and the Visitor Center) must be managed as a unit. For agencies with contrary purposes to divide the complex into separate units would be a disaster. The designated agency must be responsible and attentive to the needs of all groups involved.
- Establishment of proper leases and occupancy agreements and the cooperation of tenants, the District of Columbia Police Department, the Architect of the Capitol, and all other interested parties.

- Appropriation of adequate funds to provide for security, maintenance, and replacement costs on an annual basis (this may be partially provided from rental income, federal, and/or railroad funds, etc.).
- Enthusiastic support from the media, trade and civic associations, government entities, and others who can help in the realization of the opportunity which Union Station presents.
- Participation of a competent real estate development firm to complete the renovation within budget; to negotiate competitive, profitable lease agreements which will generate income; and to supply continuing management skills for the proper tenant mix and for marketing and promotional activities, security, and creative problem solving, all of which are essential to a special multi-use commercial center of this scope. It is clear that the knowledge, skills, experience, and motivations of the private sector are essential to bring this historic space to life and to prevent further deterioration and embarrassment.
- Involvement of the developer in the planning process and the revision of final plans and specifications. The developer must be responsible for the approval of detailed working drawings to ensure that construction can be completed within the budget and on a reasonable schedule.

Space Constraints and Opportunities

After study and review of Union Station and the material furnished, the Panel sees development opportunities for a multi-use project. Of course, a number of physical design constraints and restrictions must be considered in determining the feasibility of establishing a multi-use activity center.


H STREET OVERPASS
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FOOD
WAITING
AMTRAK STATION
METRO
OPERATIONS
TICKETS
MAIL HANDLING
RAMP
FAST FOOD
(CONCOURSE)
RAMP
NATIONAL VISITORS CENTER
METRO
GIFT SHOP
BOOK STORE
(MAIN BUILDING)
TAXI & AUTO DROPOFF
COLUMBUS PLAZA

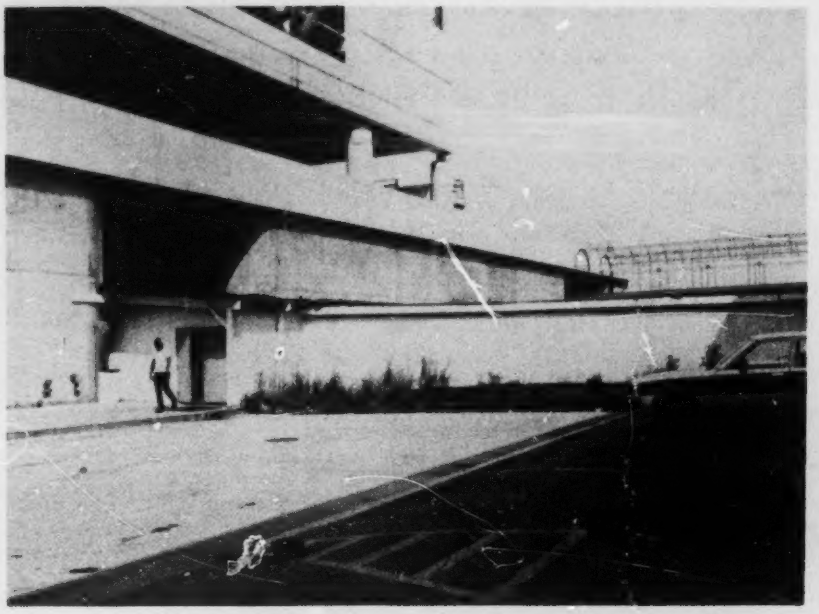
Present use arrangements for Union Station complex.

Clearly, Union Station is and should be primarily a transportation terminal and as such the key anchor of a multi-use development. To serve its main purpose it should be made to function as efficiently as possible, not only in terms of railroad operations but also in terms of the passengers who will be using the space and facilities. However, it does appear that there is adequate space misused and unused that could be made available for additional revenue-producing purposes. Certainly there is an obvious need for travel-oriented retail and service businesses.

It appears that enough space can be made available to develop a critical mass of revenue-producing uses while maintaining the desired transportation services and developing the National Visitor Center in an exciting manner. It will be of critical importance to maintain proper planning relationships between the existing uses and the additional uses that are contemplated in the project. In addition to the internal relationship providing for passenger convenience there should be proper vehicle circulation externally, including access to parking, and proper pedestrian circulation outside the building as well as inside, through and among the related uses.

In order to support additional activities as well as the uses that currently exist in Union Station, sufficient automobile parking space must be provided and restricted in use to this specific development.

One of the most frequent complaints heard about the use of Union Station is the distance one must walk with baggage to reach the trains



Enclosed passageway between the old station Concourse and the present terminal.

or the station or to find transportation when arriving at the station. After exploring several alternative plans, the Panel recommends that the existing train tracks be extended to the Concourse area and the existing temporary terminal be totally abandoned and demolished. This will bring the passenger, arriving at the front of the station from Columbus Plaza or from the Metro, much closer to the trains and thereby shorten the distance to the trains. Also the extended tracks are necessary to accommodate 10-car trains which will be needed in a few years to carry the passenger load which Amtrak has projected.

Whether this level of rail usage ever will be achieved may be debatable. To cripple this possibility now for all time would be inexcusable, especially in light of the fact that a $2.5 billion program is currently underway for improvements in the system. The extension of the terminating rails are needed for passenger convenience anyway. Any revision of the present system which does not provide for this would only perpetuate the short-sighted thinking which has characterized planning in the past.

The Panel noted that one recommended plan terminates the tracks a substantial distance from the Concourse. This would perpetuate the ill-conceived and inoperative roadway which was cut between the track and the station at the track level in the latest alterations. The reason given was the cost of altering the existing wall at the edge of the overhead ramp. Field inspection would suggest that columns are so located that penetration of this wall to extend the tracks to the Concourse would offer little engineering difficulty. Even if the cost were substantial, it would seem illogical not to complete properly the end of a system on which so much money is being spent.

The Panel also noted that the report entitled, "Washington Union Station Special Study for the FRA Task Force on Union Station, October 1977," contains a plan called "ALTERNATIVE 4," showing the roadway eliminated and the tracks extending to the Concourse.

A review of the material furnished to the Panel by various agencies shows that sufficient space is available for additional new commercial uses, providing the existing uses are replanned. The transportation function can best be accommodated in a portion of the Concourse area; this will be particularly true when the trains are brought close to the area for boarding or detraining. Based on observation and figures given to the Panel, approximately 45,000 square feet would be adequate to handle passenger processing and public services required at platform level. Other services dealing with the railroad operation such as operations offices, baggage storage, and other ancillary services could be provided in unused areas on the lower levels or on one of the upper floors of the building. It is understood that locations of various functions must meet the required physical relationships. In round figures, it would appear that approximately 40,000 feet of refurbished lower level space could be made available for railroad operations and related office functions requiring about 15,000 square feet could be housed in the upper levels of the building.

Restructuring the National Visitor Center to add excitement and vitality would seem a necessity in order to fulfill its designated role. With a concentrated effort, a National Visitor Center could be developed which would provide a much stronger and more notable experience, be more adequately staffed, and better furnish needed services for the traveler. This could be accomplished in about 30,000 square feet on the grade level, and could include the existing theaters, bookstore, and related activities. The Center could then use second level and mezzanine areas for offices and operational purposes utilizing 30,000 square feet or more as needed. It might also be possible to develop additional space on the lower level fc. other uses such as exhibits, displays, and storage.

By adjusting the areas currently occupied, approximately 100,000 gross square feet would be left at grade level for commercial activities including food service. It might also be possible to use space on the lower level for additional commercial and service areas. This space would be adequate to provide the amount of retail merchandising necessary to develop a viable commercial project.

In addition to the uses already mentioned it appears that the lower levels of the building could be used to better advantage. In particular, the parking area is disorganized and not as fully used as it could be by rail passengers, visitors to the Center, and customers of the proposed commercial project.

Increased automobile parking space is essential for the success of the operation of the station as a whole. It seems that the area in the old H Street tunnel is in reasonably good condition and not being used and could help satisfy these parking needs. This area could be used for either rental cars, valet parking, or to replace the employee parking currently in the terminal area. There were indications that a demand existed for each of these uses.

Consideration should be given to the utilization of Parcel Y, either partially or in its entirety for additional automobile parking, or if deemed necessary, for construction of parking decks able to feed directly into the Concourse and terminal area. This could be in addition to the existing structure when completed and operating.

Table I: Possible Space Allocations

Level/Use	Area (Square Feet)
Grade:	
Rail Terminal	45,000
Visitor Center	30,000
Commercial	100,000
Total	175,000
Lower Level:	
Rail Operations	40,000
Visitor Center	5,000
Commercial	15,000
Total	60,000
Upper Level:	
Rail Offices	15,000
Visitor Center Office	30,000
Commercial	5,000
Unassigned	100,000
Total	150,000

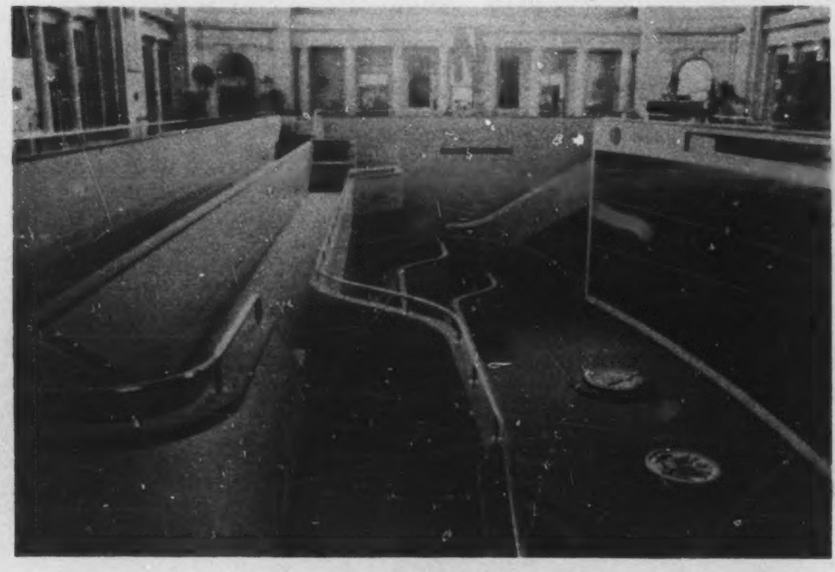
Interior of mail-handling facility on potential parking site.

Certainly, long-range considerations in planning should include the development of the air rights over the tracks from the station area to H Street, N.E. At the present time, economics indicate this is not a viable development, but as land costs increase and building areas are developed, it should become plausible for future development such as offices, hotels, and possibly supporting retail uses.

There is no apparent need for any major change in the exterior of the building beyond maintenance and repair. The only structures contemplated which might be extended beyond the outside of the current building are possibly the horizontal extension of the structure already built on the air rights over the tracks, and the parking garage proposed to the east of the station which would remain substantially lower than the main older structure and would be set back in an inconspicuous location.

The architectural treatment of the interior of Union Station to provide the facilities required for the rail terminal, the Visitor Center, and the revenue-producing facilities offers a special challenge. The monumental character of these interior spaces, including the Concourse, certainly among the most impressive in the United States, must be maintained and enhanced and the practical requirements of the function of each area must be met.

The lower level areas, when made accessible by opening up courts and stairways from the main level, offer possibilities for commercial activities suited to that type of location. The depressions now existing in the center of the main waiting room, or at least in a part of it, can be readapted to serve as an entranceway to activities in the lower area.



The "pit" in the original waiting room area.

Existing mezzanines may be used, but the introduction of new floors above the existing floor, extending from wall to wall in the monumental spaces, would be ruinous to the architecture and should not be considered. Undoubtedly there will be some new construction which will extend above the floors of the Concourse and the other rooms. This should be freestanding and designed with respect for the architecture already there. If such construction is properly and sensitively designed, it can enliven the total environment and enhance the monumental spaces.

The demands of the old structure, along with the special requirements for the successful integration of the station, the Vistor Center, and the revenue-producing facilities, will require architectural services of the highest order and a developer who is sensitive to the architectural aspects of the project.

In conclusion, the Panel feels that Union Station can serve as a vital transportation terminal, a vigorous and more effective Visitor Center can be created, and sufficient commercial revenue-producing space can be developed to help the economics of the total development.

Functional Requirements

The original architectural design for the project was made by Daniel Burnham in 1907. The alteration of the original Burnham plan for the operation of the station seriously undermined the station's efficiency and convenience for the passenger. The job of the architect today is to restore the integrity of the basic functional system contained in the Burnham plan and add those new elements not envisioned in Burnham's time -- such as accommodations for traffic circulation and parking and additional revenue-producing facilities -- in a way which will strengthen and enhance the original character of the structure.

In order to achieve historical preservation of the building, the functional activities of the railroad and the Visitor Center must be efficiently provided. To bring the building and its environment back to life, new revenue-producing facilities must be integrated with the uses that are already there.

The terminating tracks must first be extended to their original length and brought close to the Concourse, as previously discussed. This will reduce significantly the length of the passenger's walk to the taxi and auto loading on the south side of the station, and to the Metro station.

The Panel considered various alternative locations for the taxi and automobile loading and drop-off. It concluded that this function is best continued in essentially its present location south of the station. Detailed traffic studies may suggest improvements within the present system. The existing roadway under the Concourse and the through tracks may offer useful additional facilities for taxicabs.

Baggage handling should be improved, with checking facilities at the south drop-off and loading platforms, either with below grade belt systems or surface carts to move the baggage to and from the trains.

In operation the Visitor Center has not fulfilled its sponsors' hopes. This is hardly surprising because the support facilities necessary for its survival have not been provided. The hundreds of charter buses that come to Washington each day still congregate on Pennsylvania Avenue. The bus platform with ramps from Massachusetts Avenue and H Street, now used by city buses, was originally designed for charter buses. It is available to absorb part of the volume of charter bus parking, relieving the congestion at Pennsylvania Avenue.

The office of the Architect of the Capitol has indicated that it would like to transfer the visitor orientation by the Capitol guide from the congested Capitol building to the Visitor Center, with the provision of a frequent headway surface shuttle from Union Station to the Capitol.

The other large group of visitors, those arriving in their own cars, must also be accommodated. Union Station is very well located with respect to the regional expressway system so that it could be a convenient and efficient point of entry into Washington if the parking problem could be solved.

According to the estimates the Panel was given, the unfinished parking structure using the air rights above the tracks could be completed to provide 1,400 parking spaces at an additional cost of $20 million or

Unfinished parking structure above terminating tracks.

$14,300 per car space. The 5½-acre tract owned by the railroad east of the station could be made available for parking without disrupting any essential use; those uses such as mail handling could be located elsewhere. Parking in excess of 1,400 cars could be provided here at considerably less than half the cost per car space of that estimated for completion of the garage over the tracks.

From the standpoint of developers, the Panel anticipates an increased interest in the future development of the air rights over the tracks as the Union Station project proves itself, thus justifying the cost of completing the air rights project for parking or for some other purpose. For present needs, the Panel would opt for the immediate construction of a parking garage economically planned and built on the land east of the station (Parcel Y).

Architecturally, this parking garage, set well back from the station facade, would not interfere with the dignity or architectural character of the station, and eventually would be screened from the open spaces on the south side if the legislative office building is built east of the station to balance the Post Office on the west side as proposed in the plans of the Architect of the Capitol.

Market Constraints and Opportunities

In the Panel's judgment, there is sufficient market demand to support commercial development ranging from 100,000 to 150,000 square feet. The basic demand will come from four sources:

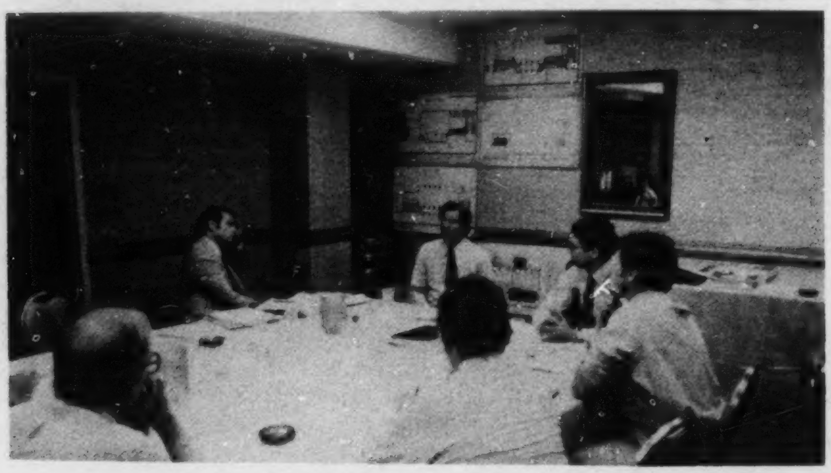
- The Traveler Market. This is the most obvious and definite portion of the market which consists of the people who travel through the terminal on a daily basis using the Amtrak commuter lines, Metroliner or long haul trains, and the Metro systems. The conservative estimate of this traffic based on the data available is 18,000 trips per day.

- The Visitor Market. The Convention and Visitors Association estimates that there are 14 to 16 million visitors coming to D.C. annually. With the intensified appeal and appropriate promotion of public visitor information functions combined with private commercial activity, the visitor market would be a major factor for Union Station.

- Office Workers. Based on information provided by the D.C. Department of Business and Economic Development, approximately 70,000 daily office employees are within walking distance of the station.

- Metropolitan Market. This market includes the D.C. core -- defined as Washington, Alexandria, and Arlington -- and the close-in Maryland and Virginia suburbs with a population of approximately 3 million.

If the data provided are reasonably accurate, given this huge market potential, there is no question that the multi-use concept for Union Station is a viable revenue-producing use. However, one particular aspect must be stressed as critical to its success -- adequate parking. With adequate parking, the development contemplated will not only attract the walk-in luncheon traffic and Metro and rail traffic but also visitors in automobiles and the close-in suburban traffic.



Panel members interview Oliver T. Carr, Jr., a major downtown developer.

THE PROPOSED DEVELOPMENT CONCEPT

Along with a rail terminal in Union Station, the Panel recommends the creation of a stimulating mixture of specialty shopping, dining, entertainment, educational, and informational activities throughout the building. Such multi-use activities offer the opportunity for public and private cooperation which could result in a productive economic use of the facility. The creation of such a Union Station "visitor experience" also offers an opportunity to provide a rich exposure to the resources of our capital and our nation to visitors, travelers, and residents.

Without intending to limit the development concept which the ultimate developer should formulate, the Panel suggests as examples the following possible uses and activities for the development. These suggestions are built around themes representing our national heritage and cultures.

- Entertaining, specialty restaurants featuring cuisines indigenous to the United States and its cultures, including Louisiana Creole, New England seafood, Pennsylvania Dutch, Southern, Yankee, and Mexican American food specialties, as well as California or New York wine tasting. Areas of the building, such as the President's Suite suggest fine quality formal dining opportunities with valet parking, music, etc. Fast service restaurants having the same themes should be provided for travelers and passengers.

- An exciting, functional Vistor Center. Commercial activity can enhance the Center and give it drawing power. With adequate parking, the Visitor Center can accommodate the substantial traffic available to it. Numerous public and private sources for displays and activities are available at the Visitor Center. They could include traveling displays by the Smithsonian, an imaginative depiction of the National Park System by the Park Service, and a graphic display of the historical development of the Capitol area prepared by the Architect of the Capitol. Displays or demonstrations by other institutions such as the National Geographic, the Capital Children's Museum, the National Gallery of Art, the Textile Museum, and various professional trade, craft, and cultural groups can also be developed. Private groups can be encouraged to cooperate in developing displays and exhibits. The existing computerized informational system should be continued and expanded.

- Seasonal promotional activities highlighting national and traditional holidays and seasons. A sampling of possible activities:
  - Fall apple festivals, spring flower shows, winter sports events, harvest celebrations could be featured. .
  - Rail station users could have continuous viewing of new film programs.
  - Films related to the origin of the movie industry could both entertain and educate.
  - Historical documentaries and docu-dramas could bring to life the events which have occurred in neighboring buildings.
  - Closed circuit televised congressional sessions could be shown in the existing theaters.

  - New technologies in medical electronics or in space sciences might be displayed.
  - Demonstrations could be given in making quilts, maple syrup, and other native foods, in wood carving and other art forms, and in a host of various activities representative of our culture.
  - Ongoing entertainment could be scheduled -- including minstrels, street players, mimes, marionette shows -- making use of area talent and groups.

- Services for foreign visitors including foreign language tour information and currency exchange.

- Specialty retail shops consistent with national themes, reflecting crafts, arts, and products from across the land. Several types would include:

  Pottery
  Needlework/Quilts
  Sculpture
  Glass/Porcelain
  Art Gallerys
  Museum Shops
  Seeds and Plants
  Leather Crafts
  American Baskets
  Early American Crafts
  Blacksmith Art
  Candlemaking
  American Indian Center
  Jewelry Designs
  Camera Supplies
  Woodcarving
  Weaving
  Regional Crafts
  Pipes
  Ethnic Foods
  Printing/Cards

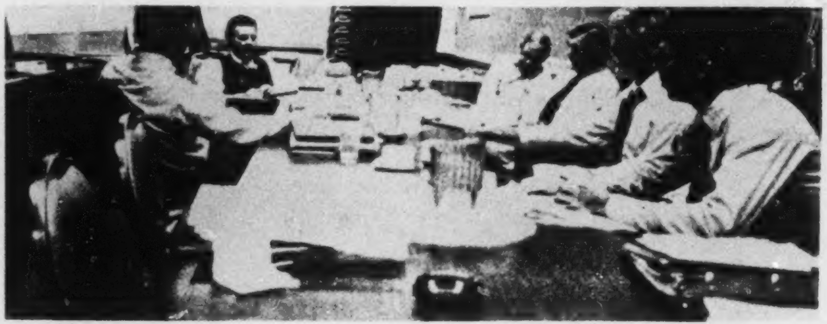
- Convenience and service retail facilities for travelers and commuters. Interviews indicated the need to expand existing facilities. The restaurant, newsstand, and auto rental services are currently realizing good volumes. These facilities could be expanded for further growth. Although the merchandise represented in the bookstore and souvenir shops in the Vistor Center is appropriate for the proposed concept, store size, location, and merchandising need to be changed dramatically to improve store performance.

  Currently, rental arrangements for a number of existing users do not reflect market rates or terms. Appropriate adjustments can provide increased revenue.

- Ancillary commercial facilities located in less accessible areas of the building.
  - Office space can be leased for administrative functions.
  - Lower level storage areas can be leased to retail users.
  - Shop or service space can be leased to auto rental agencies as well as parking facilities.
  - Upper floors of the east office wing might be restored to function again as a dormitory for train crews and provide revenue to the Union Station project.
  - Any other opportunities for economic uses which might arise during the development process should be fully used by the developer.

Interviews and contacts indicated that there exist today operators interested in the opportunities that can be developed at Union Station. The Panel must stress that the operation of a facility represented in this description demands the intimate, constant attention of an experienced and capable development team if it is to succeed. It is a fluid enterprise constantly changing to reflect the times and the seasons, and responding to day to day, minute to minute challenges. Developers are undoubtedly available within the private sector and interested in an opportunity such as this.

In studying various alternatives for revenue- and nonrevenue-producing uses at the station, the Panel also considered a racket and sports complex, an amusement theme center, an entertainment complex, a museum and public exhibit hall, and returning the entire building to a railroad station. The Panel feels that none of these alternatives are as viable as the multi-use development center interwoven with the visitor experience. The Panel also feels strongly that any use not consistent with the visitor experience or which violates the history or architecture of the building should be discouraged.



Panel members interview Robert Gladstone, economic consultant.

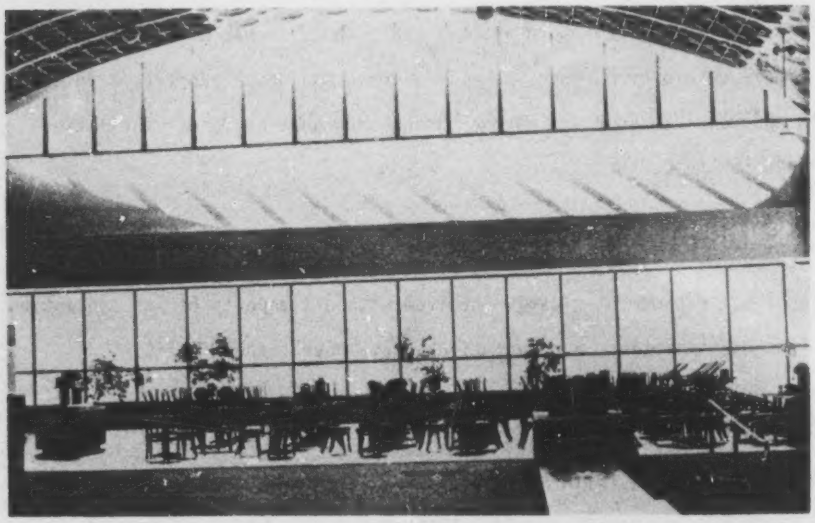
Given the nature of the development recommended -- a blend of uses to serve the needs of the rail passenger -- the Center should remain active well into the evening with such operations as the tobacco shop, newsstand, and coffee shop possibly remaining open around the clock.

The residential neighborhood which borders the station should experience a positive effect by the rejuvenation of the station including additional employment opportunities; and since the retail activity is of a compatible and noncompetitive nature, the local retail would not be adversely affected. Because of the nature of the development, it would also not compete with the existing and proposed retail in the areas of F Street, Pennsylvania Avenue, and Convention Center, most of which offer or will offer traditional shopping goods.

The Panel has also considered the proposal to relocate the intercity buses, Greyhound and Trailways, over the through tracks as proposed in various plans and found little evidence of direct bus-rail interchange. The introduction of intercity buses into the terminal complicates the planning of the rail services -- especially that of access to the through tracks -- and could interfere with the operation of the Visitor Center. The space required in the Concourse for the ticketing, services, and waiting rooms for the bus passenger reduces the area available for revenue-producing activities to the point of throwing into question their viability. The Panel therefore recommends that intercity buses not be introduced into the Union Station complex.

INTEGRATED DEVELOPMENT AND MANAGEMENT

The proposal for the development of Union Station is breaking new ground. It envisions the kind of integration between the railroad system, the Visitor Center, and commercial activities that puts special demands on planning and management. The integration of these potentially conflicting demands will require a high level of skill from all parties, and the most favorable possible administrative atmosphere. It can be accomplished only if all parts of the original station, the tracks, the Concourse, the waiting rooms, and the adjacent areas owned by the railroad are considered as a single entity. Any division of the overall area into separate parts administered independently by different agencies will weaken the project or make it impossible.



Present fast food restaurant at west end of Concourse.

The circulation of rail passengers must be integrated with the circulation of the users of the revenue-producing facilities. Often they will use the same circulation corridors. Private facilities, such as cafes, restaurants, and bars, will supplement railroad waiting facilities. The movement of persons coming into the Visitor Center must be fully integrated with that of the rail passengers and the users of facilities. All this must be done so that none of these movements interferes with the free flow of the others, yet all coming into the building are exposed to the range of richness offered by the facilities. This requires highly technical planning.

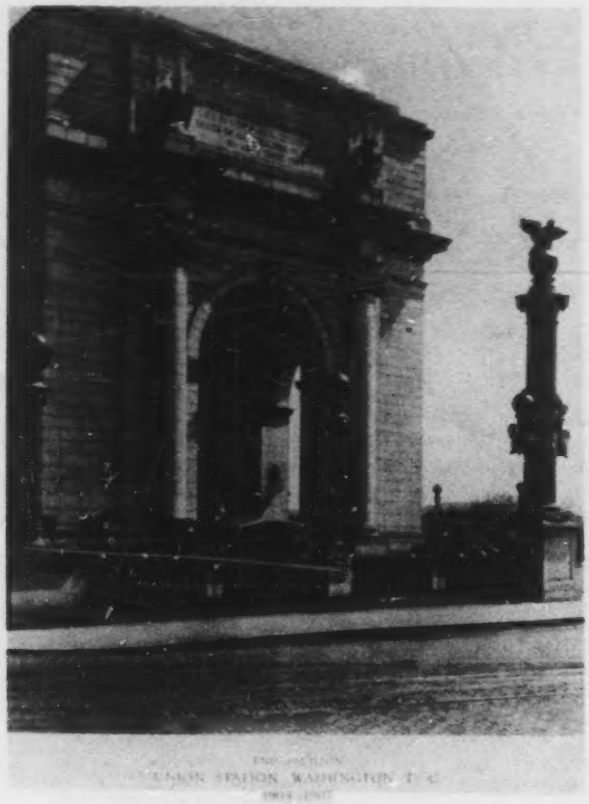
To be fully effective, management must also be integrated. The hurried traveler's or visitor's need for fast food must be related to the interests of the leisurely diner and incorporated in a total food system. The retail facilities which relate particularly to the Visitor Center, such as the bookstore and the craft shop, should be managed by the single developer-manager who will oversee the whole project. This would ensure efficiency and harmony among the range of retail facilities provided in the Center.

For any chance of success, such a center would require continuous professional management closely involved with all aspects of its conception, development, promotion, and operation. Developer responsibilities should include:

- Determining and refining the tenant mix.

- Controlling the layout and design of tenant facilities within the Center. Such control should include the allocation of space and location of each use consistent with professional development practice.
- Managing interior building operations including maintenance, janitorial services, common area functions, store and display appearance, hours of operation, internal traffic control, and other functions typical of such developments -- such as overseeing planned activities and events, organizing merchants and associations, and handling advertising media and public relations.
- Determining the qualification process for selecting architecture and engineering firms.
- Selecting the general contractor.
- Final negotiating of the general contract to construct at fixed contract amounts, or guaranteed maximum amount with incentives to institute cost savings with general contractor and major subcontractors.
- Negotiating terms and conditions of architectural and engineering contracts.
- Cost estimating, value analysis and scheduling of construction, and preparing working drawings and specifications to meet the needs of the project within the proposed budget, with a proper contingency factor intact.
- Managing construction to ensure completion on time and within budget.
- Preopening promoting and marketing.
- Leasing to maintain occupancy at maximum competitive rates.

If implemented, this development management approach will greatly strengthen all three major functions of the project. The rail passengers will find themselves in the center of a lively and attractive place, with a variety of activities to choose from while waiting for a train or meeting a traveler. The user of the Visitor Center will be exposed to a wide range of objects to see and buy, and the experience of the retail customer will be heightened by activities centering on the station and the Visitor Center.



Early close-up of southeast corner of station
and entrance to the Presidential Suite.

Public Service Requirements

The following public services and improvements must be provided if the project is to be a success:

- Sufficient funds to complete the roof repair and exterior and interior renovations, including major utilities. These costs cannot be supported by the economics of the building and should be considered part of the public costs of preservation.
- Acquisition cost of the building and ongoing maintenance for preservation purposes are under the lease purchase agreement.
- Sufficient funds either to complete the 1,400-car garage, or alternatively to construct a new parking garage on Parcel Y.
- Police, fire, and other local public services to the building, with improved parking regulation enforcement.
- Allocation of utility costs for portions of the building not under developer control.
- Cooperation in permit approvals and reduction of delays due to processing time.
- Enthusiastic support of media, civic, cultural, and community organizations thereby making those organizations a part of the development process. The Panel suggests formation of an organization of interested parties in the form of "The Friends of Union Station" to promote the building's preservation, provide volunteer services, and be a participating support group.
- Improved maintenance of nearby feeder streets and thoroughfares. Given the massive levels of public investment in the project, additional funding from federal sources, such as the Economic

Development Administration, seems inappropriate. However, since at the present time no accurate estimates appear to exist for the cost of renovations and completion of a garage, it is essential that any figures submitted to Congress for consideration accurately reflect anticipated construction costs as well as reasonable contingencies and escalation.

Designation of a Lead Agency

As stated earlier, the Union Station must be viewed as a completely integrated facilitiy. As such it will require a "lead agency" with the following characteristics:

- Authority to negotiate with a private developer/manager.
- The cooperation of various public interests associated with the building.
- Knowledge of real estate economics, practices, and finance.
- Understanding of the development process and construction.
- Continuity of administration.
- Motivating interest on the part of the agency.

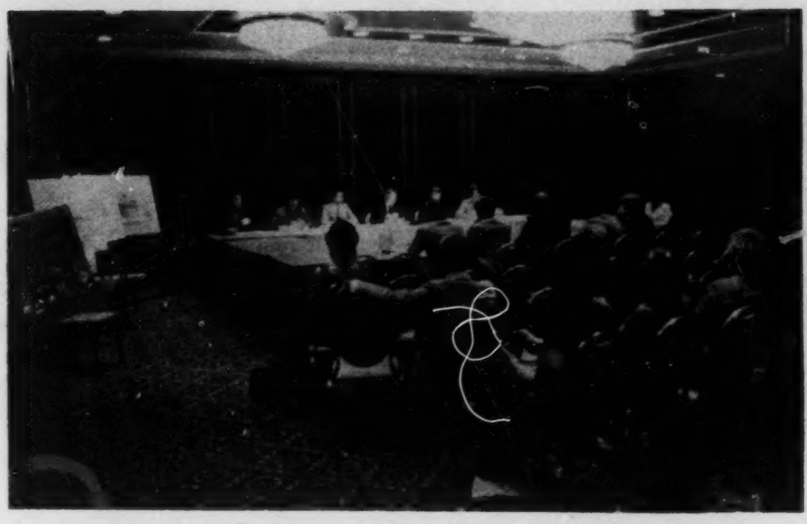
Without such an authority it is unlikely that a private developer will be found to realize the economic potential of the building.

Because of the skills required, the complex nature of the project, and various political commitments inherent in the project's history, the designation of a single lead agency is not an easy task. The General

Accounting Office in its April 1977 report entitled The Status and Problem in Constructing the National Visitors Center advised against direct administration by either the Department of the Interior or Transportation. As alternatives, the GAO suggested that the Army Corps of Engineers and the General Services Administration function as potential lead agencies to supervise construction. The General Services Administration, while familiar with real estate negotiations and construction, may not have the sustaining interest in the project to ensure its continuity. The Panel feels that the orientation of the National Park Service toward the delivery of free services is incompatible with the larger task at hand.

Amtrak's role is to operate the railroad and its related terminal functions and elements in a way to provide first-rate service for its passengers. In addition, Amtrak must interface harmoniously with other occupants, the developer/operator, and the visitor service, recognizing that its passengers will play a significant and continuing role in the station's overall scheme as well as in relation to the rail facilities. Thus, Amtrak has an ongoing interest in the functioning and viability of its southern anchor to the rebuilt northeast corridor.

There is an absolute need for a lead agency or single authority to represent the various federal government entities in developing the project criteria, physical conditions, contractual obligations, and selection process in order to make a workable contract with the private developer who will then be responsible for the creative and commercial aspects of the Union Station visitor experience.



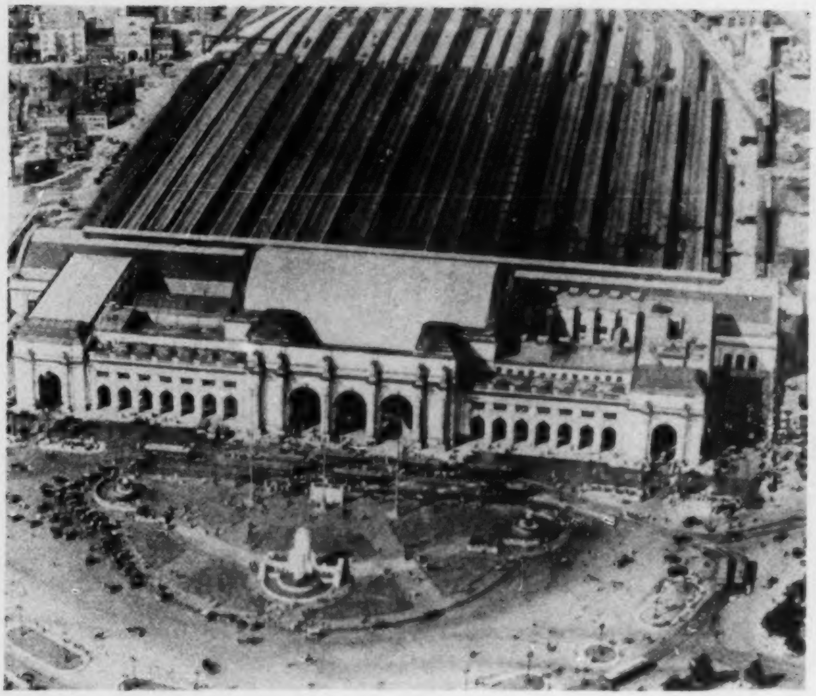
Panel presents oral report to Amtrak officials.

The Panel has examined the pros and cons and the strengths and weaknesses of each of the agencies and at present sees no one entity with all the special skills and knowledge required to pull together the many pieces needed to satisfy the federal departments and to do so with an understanding as well of the developer's needs in creating a unique project.

Amtrak has indicated its determination to develop the staff capabilities required to create economically viable commercial activities in other more conventional stations and to identify and develop potentially profitable centers in underutilized or surplus properties.

The key to the success of this real estate development function is the selection and retention of knowledgeable and experienced real estate professionals who understand the development process and have had successful track records.

Should Amtrak carry through with its intentions and have in place the kind of talent necessary for such endeavors, it could very well be best positioned to act as the lead agency so desperately needed, especially in light of its move back into the complex and its dominance in the overall multi-use building.



Early aerial view of the original station complex.

CONCLUSION

The Panel agrees with the general opinion that Union Station's current situation is an embarrassment to the nation, to the federal government, and to Washington, D.C. The efforts of those public leaders should be applauded who are trying to find a solution to the problem which is compatible with the transportation, visitor information, and economic needs of the nation's capital and at the same time preserves and enhances the historic and archtectural character of Union Station at reasonable and affordable costs. It is both desirable and feasible, under the conditions mentioned, to create an exciting and economically rewarding mix of transportation, public visitor information and education, and commercial activities which will not only solve the current problem but will greatly improve the overall quality of the city as well as the individual quality of each traveler's experience in Washington, D.C.

If the Panel's limited conversations and interviews with members of Congress and their staffs are truly representative of the spirit today, there is genuine interest in resolving the Union Station controversy and in taking a hard look at new approaches which might at first appear risky. With such open mindedness and the cooperation of the parties involved, a unique and successful project can be created out of what to date has been an embarrassment for all. The Panel urges those parties with authority over various aspects of Union Station to work together to realize the opportunity that exists.

ABOUT ULI-THE URBAN LAND INSTITUTE

ULI-the Urban Land Institute is an independent research organization which conducts research; interprets current land use trends in relation to the changing economic, social, and civic needs of our society; and disseminates pertinent information leading to the best and most efficient use and development of land.

Established in 1936 as a nonprofit institute supported by the contributions of its members, ULI has earned recognition as one of America's most highly respected and widely quoted sources of information on land use planning and development.

Members of the Washington, D.C.-based Institute include land developers, builders, architects, city planners, investors, planning and renewal agencies, financial institutions, and others interested in land use.

Much of the Institute's work is accomplished through the ULI Councils, each headed by an Executive Group of distinguished authorities.

- Urban Development/Mixed-Use Council
- Commercial and Retail Development Council
- Industrial and Office Park Development Council
- New Communities and Large-Scale Development Council
- Residential Development Council
- Recreational Development Council
- Federal Policy Council
- Development Policies and Regulations Council
- Development Systems and Services Council

This alignment has resulted from the realization that more specific information in diversified areas of development is needed and that there are no fractional solutions to land use problems.

Ronald R. Rumbaugh
Executive Vice President

STATEMENT OF PETER A. MARTOSELLA, JR.
EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER,
PENN CENTRAL PROPERTIES DIVISION,
VICTOR PALMIERI AND COMPANY INCORPORATED

TO THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

JULY 20, 1981

Mr. Chairman, my name is Peter Martosella. I am Executive Vice President and Chief Operating Officer of the Penn Central Properties Division of Victor Palmieri and Company Incorporated ("VPCO"). Pursuant to an agreement approved by the United States District Court for the Eastern District of Pennsylvania, VPCO acts as manager of the non-operating real estate owned by The Penn Central Corporation ("PCC") and many of its subsidiaries. In this capacity, VPCO is responsible for preserving and enhancing the value of PCC's nonoperating real estate, through development, sale or leasing.

My appearance here, today, is in response to Senator Stafford's invitation to PCC to testify on S.1192 and S.548, bills concerning the completion, repair, renovation and acquisition of the Union Station. In that regard it should be noted that since 1972 the Union Station (in recent years designated and used for the National Visitor Center) has been controlled and maintained by the Department of the Interior under a long-term lease jointly from Terminal Realty

Penn Company ("Realty Penn"), a wholly-owned subsidiary of PCC and by Terminal Realty Baltimore Company ("Realty Baltimore"), a subsidiary of The Baltimore & Ohio Railroad Company ("B&O"). The United States leased the historical station building to convert and use it as the National Visitor Center. Although VPCO was not involved in the negotiations of that long-term lease, it subsequently became manager of a portfolio of nonoperating PCC properties, which included PCC's interest in the National Visitor Center.

Under the terms of the 1972 lease, the United States pays Realty Penn and Realty Baltimore annual rent of $3,338,136 plus an amount for property tax rent provided the total annual rental payments do not exceed $3,500,000, from which Realty Penn and Realty Baltimore make first mortgage payments to Emigrant Savings Bank of $1,418,856, annually plus certain property tax payments. The obligations of the United States to Realty Penn and Realty Baltimore under this lease continue until the year 2001. It should be emphasized that, while Realty Penn and Realty Baltimore, each, has an undivided one-half interest in the fee and may be described as the "lessor", their ownership interests are represented by the right to receive payments from the United States Government for the next twenty years. The United States operates and maintains the premises. In addition, the United States has the option to purchase the fee from Realty Penn and Realty Baltimore for one dollar at the end of the lease term or for the principal balances of the first mortgage and the second mortgage (as if in place), as defined in the lease, at any time during the lease term. Realty Penn's and Realty Baltimore's offer is substantially better than this option price as I will describe later. Thus, the fee owner, or lessor, probably has no residual interest in the property. My testimony is offered to this Committee from the above perspective.

While PCC was invited by Chairman Stafford to testify on the "expeditious and economical completion of repair and renovation of the Union Station and its return to use as a rail passenger terminal," my statement will be restricted to that section of S.1192 which would authorize the United States to purchase the property interests under the National Visitor Center lease. The issues of completion and repair of the structure, and restoration of its use as a railroad passenger terminal are not within the purview of this testimony. PCC can usefully address only the issue of acquisition.

As you may know, PCC and B&O recently offered to sell their interests in the National Visitor Center to the United States Government. This proposal was contained in a letter, dated March 3, 1981, which I sent to Interior Secretary Watt. That letter contained two alternative offers. Under the first alternative, we proposed that the Government purchase Realty Penn's and Realty Baltimore's interests in the National Visitor Center for a consideration comprised of $2,275,000 cash at closing and five subsequent annual payments of $2,275,000. In addition, the Government would assume the first mortgage payments to Emigrant Savings Bank and Realty Penn and Realty Baltimore would be relieved of any past, present or future obligations under the lease and related agreements. Under this proposal, the United States would pay a total of $13,650,000 over a six-year period to Realty Penn and Realty Baltimore and a total of approximately $28.4 million in mortgage payments (principal and interest at 7 1/2%) over a twenty year period to Emigrant Savings Bank, instead of a total of approximately $69.5 million (principally in rental payments) over approximately twenty years, for a net cumulative cash saving to the United States of almost $28 million. Except for the year of closing (during which year the United States would have to make both monthly rental payments up to the time of closing and the initial "cash-at-closing" payment of $2,275,000), the United States would incur only a small additional annual obligation (ranging between $246,000 and $288,000) over its present obligation to pay rent - and that small incremental obligation would disappear after the sixth year. At that time, the United States would have no further obligation to Realty Penn and Realty Baltimore, at all. Only the first mortgage payments would remain.

Under the alternative offer, the United States would acquire Realty Penn's and Realty Baltimore's interests in the National Visitor Center for a single $11 million cash payment at closing and have to make monthly rental payments up to the time of closing. As in the first alternative, the Government would assume the first mortgage payments to Emigrant Savings Bank and Realty Penn and Realty Baltimore would be relieved of any past, present or future obligations under the lease and related agreements. Under this transaction, there would be a net cumulative cash saving to the United States of over $30 million over the twenty year period.

We believe that it is in the Government's interest to acquire Realty Penn's and Realty Baltimore's fee interests in the National Visitor Center under either alternative because of the resulting substantial cash savings to the United States over the twenty year period of the lease.

Accordingly, we were pleased that, on April 1, 1981, the Director of the National Park Service, Russell E. Dickenson, indicated that the Government was interested in purchasing the fee interest in the National Visitor Center and invited us to commence negotiations of a purchase and sale agreement. We have drafted such an agreement and submitted it to the Department of the Interior. Of course, any such agreement would be conditioned upon necessary statutory authorization and appropriation. Accordingly, we favor enactment of such statutory authorization so as to permit the United States to acquire the National Visitor Center, if and when Realty Penn, Realty Baltimore and the Department of the Interior enter into a definitive contract.

As I indicated earlier, there are advantages to the United States in acquiring the National Visitor Center, primarily in the form of substantial cash savings over the life of the lease. We have proposed this transaction, however, because it would be in PCC's interest for the following reasons. First, the National Visitor Center building no longer has any connection with, or relevance to, PCC's present business. PCC originally became involved in the National Visitor Center because it was in the railroad business and owned the Union Station. Since the transfer of its railroad system to Conrail in 1976, PCC is no longer in that business. PCC is now a diversified company operating principally in the major business areas of energy, equipment and services; electronics and telecommunications; and community development, resorts and theme parks. Thus, it is in PCC's interest to liquidate this asset, so that these funds would be available for investment in operations and/or assets which support and are consistent with PCC's present business activities. From this perspective, it is in PCC's interest to have the cash from liquidating this asset "sooner", rather than to continue to hold this receivable for twenty more years. The sale price has been established based on PCC's desire to liquidate this asset and with an evaluation of the present cash value of this long-term receivable to PCC. PCC desires to substitute effectively a lump sum payment or a guaranteed six year cash flow stream for the existing approximately twenty year cash flow stream which will decrease as cost elements increase annually and rental payments essentially remain fixed.

Second, PCC and B&O do have certain internal administrative responsibilities and expenses involved in monitoring its ownership interests in the National Visitor Center--such as the collection of rent, the payment of the first mortgage and of real estate taxes, and the placement and purchase of insurance. All of this involves administrative time and costs, which PCC (and B&O) would prefer to eliminate.

Mr. Chairman, before concluding my testimony, I wish to bring one technical matter to the Committee's attention. Given the character of the transaction which we presently are discussing with the Department of the Interior, we hope that any bill approved by this Committee will contain language which allows for the single cash payment alternative or the multi-year payment alternative of the purchase price. In addition, in the first fiscal year of the transaction, funds sufficient both for monthly rental payments (up to the closing) and for the single cash payment alternative or initial cash payment for the multi-year payment alternative on closing must be appropriated.

I hope that this testimony has been helpful to the Committee. I would be happy to answer any of your questions about possible acquisition by the United States of PCC's and B&O's interest in the National Visitor Center, and my colleagues and I will continue to be available to the Committee and its staff, as it considers statutory authorization of such acquisition.

STATEMENT BY CHARLES A. HORSKY
ON BEHALF OF THE FEDERAL CITY COUNCIL
Before The
SENATE COMMITTEE ON ENVIRONMENT & PUBLIC WORKS
July 20, 1981

Mr. Chairman, my name is Charles Horsky. I am here today on behalf of the Federal City Council, a non-profit organization of approximately 125 business and civic leaders devoted to improving the Nation's Capital.

Several years ago, I had the pleasure of serving as White House Advisor for National Capital Affairs. In that capacity, I was involved in the early efforts to establish a major orientation facility for visitors at Union Station. Since then, I have continued to follow the development of that effort. As you know, development came to a halt in 1977. A partially completed Visitor Center had been opened in 1976 without adequate parking or access. Structural and mechanical improvements still needed to be made. The roof needed repair. The additional funds needed to complete the project were not forthcoming.

Because this facility holds such important potential for the Nation's Capital, the Federal City Council appointed a special Task Force to examine the situation and to offer whatever assistance it could. That Task Force has spent a considerable amount of time in an effort to find a way to eliminate a situation which is now, in a word, a disgrace to the Capital of the Nation. We have toured the building, studied the GAO report on its financing, discussed its operational problems with the National Park Service and Amtrak officials, reviewed consultants design alternatives for future development, and discussed possibilities many times with officials at both the Interior and Transportation Departments. Three years ago in May of 1978, I appeared before this Committee in support of a compromise bill that had been prepared by the Administration. Since that time, as you know, that bill failed in the other body; the roof began to collapse because of water damage; the building has had to be shut down; and costs necessary to complete the repair and reconstruction needed to make the building operational for any purpose have continued to rise.

Today, we are here again to consider another, and I hope a more viable bill. It contains a number of new provisions which we believe would contribute to its success, and help relieve the Federal government of its responsibility for this disaster. Moreover, many of the various interests in Congress and within the Government who have previously disagreed over the uses and management responsibilities appear ready to agree on the type of compromise legislation now before this Committee.

We believe that S-1192 is a positive step forward. We believe that it is not responsible Government policy to allow the existing situation to continue -- whereby the Federal government is obligated to pay $3.5 million a year for the next 20 years for a vacant, deteriorating hulk that has been designated a National landmark at one of the primary gateways to the Nation's Capital. We urge this Committee to wait no longer, but instead to approve legislation that will preserve the building, restore convenient train service, accommodate rail passengers and visitors in an appropriate manner, and bring new life and vitality to the area.

We endorse the concept of accelerating the purchase of the title to the property by the payment of an additional $275,000 over the next six years, which would result in a total net savings to the Federal government of approximately $28 million.

We applaud the District of Columbia's willingness to use up to $35 million of its Interstate Highway Fund allocation to complete the parking garage and related access ramps so that this facility may function more effectively as an intermodal transportation terminal.

We recognize the political and financial strains caused by the proposal to allocate up to $40 million from Northeast Corridor Improvement Funds to complete the necessary repair and rehabilitation of the Station building itself -- but it should be remembered that this building will serve not only as the southern terminus of the Northeast Rail Corridor, but that as a National landmark located on Capitol Hill it must be restored to its full dignity and potential and that half measures simply will not do.

Moreover, the bill provides for recapturing or leveraging public funds through substantial, private sector investment in exchange for the granting of development rights for appropriate commercial space within the facility. Others can testify as to the details of how such private financial participation might be worked out. I would only say that the kind of proposal envisaged by this bill, is a positive and creative step, fully consistent with the philosophical concerns of the Congress and the Administration about fiscal prudence and reliance upon the private sector.

We would agree with the basic direction of Mr. Blanchette's testimony that the development be staged so that present cost estimates -- which are sketchy at best -- do not serve to give Congress further embarrassment down the road. Frankly, we think that some of the estimates presently being used are too high. But the truth is that no one knows for sure. A pre-development phase which provides for engineering and market data, more detailed plans and specifications is a good idea.

I hasten to add that it is not possible to expect the private sector to bear the entire cost of completing this project and turning it into a true transportation and visitor complex. We reject, as wholly inappropriate, the idea that the building be turned over to a private developer to do with as he sees fit — tear it down and develop the site as an office building, or carve up the entire building for office space. Instead, insofar as there are appropriate public purposes to be served, such as the preservation of a landmark structure, the development of an efficient train station, a place where visitors can learn about their Capital city and how its government works, the public sector should bear its appropriate share of these costs. Insofar as there are also appropriate private uses that are supportive and complementary to these public functions, such as limited office space on the upper floors of the building and the development of some attractive retail shops and eating places within the main building, the private sector may also be expected to share in these costs.

But what is important, Mr. Chairman, is that the current situation not be allowed to continue. For all of our sakes, let us get on with the job of restoring this great building, and together with additional revenue generated by private developers, turn it into an attractive and useful part of our Nation's Capital.

Thank you.

STATEMENT BY
MICHAEL D. SPEAR
EXECUTIVE VICE PRESIDENT • THE ROUSE COMPANY
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
ON
S. 1192
S. 548

JULY 10, 1981

My name is Michael D. Spear. I am Executive Vice President of The Rouse Company of Columbia, Maryland.

I have reviewed the proposed bill and accompanying Report as approved by the Senate Commerce Committee. Together with a planning and development team, I have toured the building itself, including the garage, temporary train station, Visitor Center complex and upstairs office space.

Overall, it is our impression that Union Station is a unique and beautiful structure that has a great potential, but is currently a national disgrace. It is not just a local train station that has fallen on hard times -- it is a certified landmark that has served in the past, and can serve in the future, as a major entrance to the National Capital. It requires not just more money to repair its deteriorated physical condition -- it requires a careful program of uses and management to make it not only attractive but productive. The involvement of the private sector, as proposed in the bill, seems not only desirable in order to help defray public expenditures, but may also be necessary to help assure operating success. The Rouse Company is interested in participating in the effort to make Union Station once again a great and productive national landmark.

The Rouse Company is engaged in major retail and mixed-use development, redevelopment and management in many parts of the country.

Among projects which we have completed and presently operate are Faneuil Hall Marketplace in Boston, The Gallery at Market East in Philadelphia, Santa Monica Place in California, and Harborplace in Baltimore. We are currently under construction on a major retail redevelopment in downtown Milwaukee and will soon be under way on the historic South Street Seaport in Manhattan. We are in advanced design on the redevelopment of the old Union Station and the area surrounding it in St. Louis, and we are the designated developers of major downtown projects in San Francisco, Denver, Miami Beach and New Haven. We are also the developers of the retail component of the National Theatre Block on Pennsylvania Avenue, here in Washington, and have just this past week submitted a proposal for leasing approximately 50,000 square feet of space for retail use in the historic U.S. Post Office Building on Pennsylvania Avenue.

The company currently owns and operates, or manages, 54 major retail or mixed-use projects totalling more than 30 million square feet of leasable space. The Rouse Company has also developed 18 office buildings throughout the United States comprising nearly 2 million square feet of office space, and owns and operates two hotels. We are also the developers of the new city of Columbia, located between Washington and Baltimore and now home for 60,000 people and over 1,000 businesses and industries. Our total assets on a current value basis are in excess of $800 million.

We have had significant experience in working with city governments, and in dealing both with historic structures and redevelopment of formerly deteriorating core city areas. Faneuil Hall Marketplace, once a neglected, forlorn and largely abandoned relic, is today a thriving and vibrant heart of the city, providing jobs for 2,800 people, experiencing annual sales in excess of $70 million, returning more than $1.5 million to the city in direct payments versus former revenues of less than $100,000, all while preserving landmark historic structures and giving life and inspiration to the city that has attracted worldwide recognition.

In Philadelphia, The Gallery at Market East joined the 70-year-old Strawbridge and Clothier store to a new Gimbels with a sparkling array of new shops, restaurants and eating places. The project is built over a reconstructed subway station. It replaced a section of Market Street that had gone to seed, or worse. The project is fully leased to more than 100 merchants and businesses, and has experienced success to the degree that we are commencing construction on a second phase that will double the renewed area of Market Street.

In Baltimore, we participated in that city's much admired Inner Harbor redevelopment with the opening of Harborplace a year ago this month. In its first year, on a site not many years ago occupied by abandoned, derelict warehouses, Harborplace was visited by more than 18 million people. Its direct payments to the city exceeded $1.1 million. It provides more than 2,300 jobs, 40 percent of them to minorities, and experienced sales in excess of $45 million -- in 140,000 square feet of space.

Each of these projects involved public-private partnerships and commitments by both the public and private sectors. Each had the strong backing of local government, and each represented the carrying out of specific goals within clearly established frameworks and relationships. Each, also, involved federal funds related to urban redevelopment.

In the beginning, all were considered risky. Boston and Philadelphia were difficult to finance, and to lease. But all have proved overwhelmingly that good planning, good management, and good execution can yield tremendous dividends for the city. There is an unmet market demand for good city, and for the pieces of it, far beyond the estimates of conventional thinking. And locations, such as Union Station, which can combine the utilitarian value and advantage of major transport hubs with historic structures and festive marketplaces hold special potential.

The types of uses for Union Station proposed in the bill are generally reasonable as a mix to tap its potential. Given the proper circumstances, a private development company could work effectively with the government to design an appropriate layout and specific mix of activities. In this regard, we would be prepared to consider the following type of commitments:

Approximately 140,000 square feet of retail and commercial space for small shops, restaurants and eating places -- a festive marketplace that would both attract and support the natural markets for the transportation center;

Approximately 80,000 square feet of offices for appropriate uses;

Approximately 20,000 square feet of other uses for visitors services, to be developed and operated by either a public or private entity or some combination.

This interest would, of course, presume restoration of the landmark station structure, construction of the public train station and public parking garage of 1,400 spaces and completion of various necessary linkages with the Metro system and among the several elements of the project.

We also would be willing to negotiate with the Government regarding the sharing, or repayment, of certain capital costs necessary to make the building operational -- perhaps through the earmarking of a percentage of net revenues from the commercial facility, as well as initial capital contributions.

In order for our company, or any other developer, to be willing and able to participate in the kind of venture anticipated by this bill, however, our experience indicates that certain conditions must first be present:

There must be one clearly identified entity representing the Government's interest, with sufficient authority to negotiate and make binding commitments within whatever parameters are established by the Congress.

In this kind of extremely complicated undertaking, we do not think it is worthwhile for the private sector to engage in a protracted and expensive design or price competition. There are simply too many variables and too great a level of risk. Instead, insofar as several private developers may be interested, we would suggest that the government agency in charge issue a "Request for Qualifications," and select one firm with which to negotiate the planning and financial details of the development, on the basis of its demonstrated experience and capacity.

With respect to the Union Station property, we strongly recommend that planning and negotiations include not only the Union Station building but also the railroad property that adjoins the building. In addition to restoring Union Station, we believe that there is the opportunity here to develop a major new mixed-use complex, including office and hotel, which could further the overall revitalization of the Union Station area. This would be our interest, and could contribute to the overall economics of the project -- both the public economics and private economics.

We would also urge that within the policy objectives set forth in the legislation the private development company selected be given the primary authority to coordinate the overall programming and operational management of the project. This is where the private sector's expertise is greater than the public sector's, particularly in this case -- where it is proposed that the commercial aspects of the project are to cover the operating costs and, hopefully, contribute to some of the public capital investment.

Finally, given the history of these kinds of projects, there should be some provision that the financial obligations assumed by the private investor will be protected in the event of delays or omissions by the Government.

We believe that this project represents a difficult but worthwhile undertaking. It is a national landmark that should not only be preserved, but improved, and used once again as an important facility servicing both a local and national interest.

As developers, we are excited by the challenge. As citizens and taxpayers, we think it is unacceptable for the Federal Government to let the building continue to deteriorate under the present circumstances.

This bill represents a good beginning. If it is passed, and if the other conditions I have outlined above are present, then our company would be pleased to participate in the effort to remake Union Station.

Statement by
Richard F. Hodgkins, Consultant
Helicopter Association International
Before the
Committee on Environment
And Public Works
United States Senate
July 20, 1981

UNION STATION COMPLETION ACT OF 1981

The Helicopter Association International (HAI), formerly the Helicopter Association of America (HAA), is an independent, non-profit organization, the membership of which consists of all the helicopter (rotorcraft) manufacturers of the U.S. as well as just about all of the operators of helicopters in this country.

HAI members operate in the fields of agriculture, airlines, air-taxi, construction, executive transport, law enforcement, energy exploration, rescue, logging and in many other civil applications.

The. U.S. civil helicopter industry growth has averaged over 12% per year during the past ten years. Over 75,000 people were employed in manufacturing in 1980, and over 1000 helicopters were manufactured, with 9000 helicopters operated in the U.S. and Canada alone. Gross revenue for 1980 was well over one billion dollars. By 1990 the U.S. civil helicopter fleet is projected to reach over 20,000 with annual industry revenue exceeding three billion 1980 dollars.

The entire helicopter industry, and the HAI in particular, have watched with considerable disappointment, the unfortunate and regretful dissolution of the widely supported and well founded recommendations proposed in the National Visitor Center Facilities Act of 1968, to establish a public heliport at Washington's Union Station.

Twenty-six years ago, in January 1955, the first formal legislative initiative was introduced into the House of Representatives calling for a public-use heliport to be located within D.C. A public-use heliport does not exist in the nation's capital more than 25 years later.

The helicopter technology of 1955 has virtually all but disappeared from today's air transportation. The 1955 helicopter has been replaced by a highly sophisticated, rapid and reliable vehicle that strongly reinforces the continuing need for a downtown D.C. heliport. Succinctly, the need for heliports has increased proportionally with the upgrading of helicopter technology.

The concept, and ultimately, the need, for a public-use heliport situated close to the central business district of a large metropolitan area is not unique to Washington, D.C. Coincidently a study is planned for the downtown Los Angeles area to incorporate a public-use heliport into L.A.'s Union Station. Detroit, Houston, Pittsburgh, Seattle, New Orleans, Indianapolis, and Chicago represent a small segment of other metropolitan areas that are enjoying public-use heliports or have started siting and assessment studies to incorporate public-use heliports into urban transportation planning. These heliports and studies are highlighted and mentioned in this testimony only to bring into focus a practice that has developed across the nation. This practice reinforces the need identified years ago in Washington.

To improve the widely publicized air traffic capacity problems now experienced at National Airport is beyond the immediately recognized value of a centrally located public-use heliport serving the business community and all levels of national government. However, the helicopter represents a realistic alternative to some of the typical Washington travellers, with a departure point within a radius of 250 to 300 miles of Washington. Each commuter or business aircraft arriving at National Airport from the metropolitan areas of New York, Newark, Philadelphia and Richmond consumes a portion of the limited number of high value arrival positions or "slots" allocated for that segment of airport users. It is most probable that a downtown heliport, if one were available, would stimulate and promote the use of helicopters that would replace some of the business and commuter operations at National Airport, resulting in the better utilization of the congested airspace surrounding Washington.

Coupled with this, a low altitude, discrete air corridor has been under evaluation in the Northeast Corridor for more than two years. These airways, restricted to helicopters, extend from Washington, D.C. to Boston, Massachusetts. A helicopter equipped for instrument flight could leave downtown Philadelphia or New York, or several other cities located next to the airways, and fly directly to Washington without interfering with conventional aircraft operations at any point. This scenario exists today, and not in the future -- with one exception. There exists no public-use heliport in D.C. The arriving helicopter would have to land at National Airport.

For the history of this issue, a very brief synopsis of the efforts to establish a public-use heliport in the District follows.

* June 1955, a test program was conducted by the redevelopment land agency.

* May 1966, another bill was introduced to permit the use of federal property for a public-use heliport.

* July 1966, another temporary heliport on federal property was approved.

* August 1966, a demonstration of helicopter service was made from the Capitol grounds to Dulles and Baltimore Airports. The time to Dulles was 13 minutes; the time to Baltimore's airport was 11 minutes.

* January 1973, a study for a downtown Washington heliport was conducted by the

National Capitol Planning Commission concluded with a large potential market between Dulles and the Baltimore Airport and that Union Station had the greatest long-term potential.

* March 1978, hearings were held by the House Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation for the completion of the parking garage at the National Visitors Center; a public-use heliport was recommended.

* November 1978, the Metropolitan Council of Governments (COG) initiated a downtown Washington heliport study which recommended the installation of a public-use heliport at Union Station.

HAI's perception of Senate Bill 1192 is that it represents the most desirable approach to resolving several chronic transportation problems associated with Union Station. Additionally, the added dimension of encouraging the involvement of private developers, we believe, will result in the positive advancement of this bill.

TESTIMONY OF A. BARTON LEWIS, PRESIDENT OF A. BARTON LEWIS & CO., INC.
BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, JULY 20, 1981
WITH REFERENCE TO A BILL TO AMEND THE NATIONAL VISITORS CENTER FACILITY
ACT OF 1968, S.1192.

Mr. Chairman:

Thank you for the opportunity to present our views to this Committee on the proposed bill to amend the National Visitors Center Facilities Act S.1192.

I am the president of A. Barton Lewis & Co., Inc., a firm in Philadelphia specializing in the financing of real estate projects. We first became involved in the Union Station property back in 1972. We were asked by the two then-owning railroads to provide $16,000,000 of construction and long-term financing. This fund was required from the railroads under the terms of their installment sales contract with the United States for work at the Union Station property. We provided these funds under rates which were regarded as very favorable to the United States. The interest charge influenced the government's total acquisition cost of the property. After concluding this financial arrangement, we were not further involved in the project, although we have been following its progress.

The Bill being considered by this Committee provides for the funding of certain repairs and improvements at the Union Station National Visitors Center by utilizing funds from the Federal Treasury. Such funding is very inflationary. Private sector financing of all the costs is available from sources which would be non-inflationary. This is an opportunity for Congress to avail itself of private sector funding without impairing the purposes of the Bill.

In the proposed Bill, $45,000,000 of the funds for this project will come from appropriations heretofore made under the Railroad Revitalization and Regulatory Act and $35,000,000 from funds allocated to the District of Columbia under Section 142 of the Federal Highways Act. However, regardless of whether funds have been previously appropriated under prior legislation and not yet expended, if they now are expended out of the Federal Treasury they will be inflationary. Under circumstances of a national deficit federal budget, monies borrowed by the Treasury generally come from sources that produce strong inflationary impact. Such inflationary impact is created through the process of monetization of the public debt. But, if private sector sources are used, the money will come out of the savings of citizens lodged with life insurance companies, pension funds, and savings banks. This course of action will have no inflationary impact.

The procedures which we recommend, namely the purchase of the improvements, repairs, etc. at the Union Station under an installment purchase contract as distinguished from an outright purchase for cash from the Federal Treasury, will admitedly cost the taxpayers more money, but not much. However, the small premium paid for the utilization of the installment contract is a very minor price to pay for the advantage of elimination of the inflationary impact of this expenditure as now proposed.

We recommend, therefore, that the Bill be changed to mandate the D.O.T. to seek funds needed to achieve the purposes of the Bill in the private market and, if available, to use them. Since the vehicle for private funding would be an installment purchase, we also propose the Bill provide an authorization to pay installments not to exceed an amount which would be calculated pursuant to a formula. The formula would provide that the total amount to be raised through the private sector funding be amortized over the term of the government installment purchase at an interest rate equal to the Treasury's comparable borrowing rate, plus a basis point differential which would be necessary for raising the money in the private sector as distinguished from a sale of government obligations. This formula could be operated by the Secretary of Transportation as a basis for awarding competitive contracts for provisions of the funds.

The program that we are suggesting need not involve any additional transactions with the railroads who have heretofore contracted to sell the Union Station building to the United States.

To accomplish the suggestions made, I have attached an outline of specific changes necessary to S.1192 and recommend that they be included in a revision of this legislation. I would be very happy to discuss with you in detail any of the aspects of this proposals.

Thank you.

A. BARTON LEWIS TESTIMONY ON S.1192
RECOMMENDATIONS:

INSERT AFTER LINE 18 PAGE 10 OF S.1192

Prior to availing himself of any other provisions of this Act the Secretary of Transportation shall attempt to accomplish the purposes of this Act in the following manner:

a. The Secretary of Transportation shall, subsequent to having acquired title to the Union Terminal, receive bids for the construction necessary to effectuate the purpose of this Act.

b. The award shall be made to the lowest qualified bidder on the basis of a fixed price contract turn key basis with the low bidder's performance guaranteed by a performance and payment bond with corporate surety in form satisfactory to the Secretary.

c. The funds to be expended under the contract awarded shall be raised, if possible, by the sale of the leasehold interest of the United States of America in Union Station. Funding under this paragraph shall be attempted before any Treasury funds are expended for construction.

d. The leasehold interest will be sold to the entity (for the amount the United States of America has expended) which offers an installment purchase of such interest to the United States of America for the lowest cost.

e. The Secretary of Transportation is authorized to enter into an installment sale which shall pledge the full faith and credit of the United States of America for the payments and be in the form known as an absolute net bond form. The installment contract will provide an option for the United States of America to reacquire title to the interest conveyed after the term for one dollar.

f. The Secretary of Transportation is authorized to pay an annual installment payment at the lowest level available on competitive bids.

g. The Secretary of Transportation is authorized to engage private consultants to set up and supervise the procedures and to procure bids for the puchase and installment purchase financing of the facility and for the selection of a developer to achieve the purposes set forth in this Act.

After the word "developers" line 15, page 5, insert the words:

Consultants, and management agents.

After the word "institutions" line 11, page 6, insert the word:

Consultant

After the word "lease" line 11, page 7, insert the words:

sub lease, and release,

After the word "complex" line 7, page 9, add the words:

and pro rata real estate taxes, if any.

ARMISTEAD B. ROOD
3520 THIRTY-FIFTH STREET, N.W.
WASHINGTON, D. C. 20016
(202) 363-7275

July 17, 1981

TO THE ENVIRONMENT & PUBLIC WORKS COMMITTEE OF THE UNITED STATES SENATE
TRANSPORTATION SUBCOMMITTEE

✓ The Honorable Robert Stafford of Vermont, Committee Chairman
The Honorable Steve Symms of Idaho, Subcommittee Chairman
The Honorable Howard Baker of Tennessee
The Honorable John Chafee of the State of Rhode Island and Providence Plantations
The Honorable James Abdnor of South Dakota

The Honorable Jennings Randolph of West Virginia
The Honorable Lloyd Bentsen of Texas
The Honorable Quentin Burdick of North Dakota
The Honorable Daniel Patrick Moynihan of New York

In the Matter of WASHINGTON UNION STATION

APPEAL FROM THE DECISION TO EXCLUDE TESTIMONY PROPOSING ADDITIONAL USE OF WASHINGTON UNION STATION AS AN INNER-CITY AIRLINES TERMINAL

Respectfully represents Armistead B. Rood of 3520 Thirty-Fifth Street, N.W., Washington, D.C., as follows:

1. On April 30, 1981, he testified before the Surface Transportation Subcommittee of the U.S. Senate Commerce, Science & Transportation Committee, setting forth his proposal to open Washington Union Station to additional use as the Washington inner-city terminal of the Baltimore-Washington International Airport, a proposal which he developed originally for the Greater Baltimore Committee, which has supported it. A copy of his written statement which accompanied his oral testimony of April 30 is appended hereto.

2. On June 8, 1981 the conservative Railway Age magazine published an article supporting such a solution, if planned properly.

3. On or about Tuesday, July 14, 1981, Mr. Rood was informed by the staff of the subcommittee which held the hearing of April 30 that the Transportation Subcommittee of the Senate Committee on Environment & Public Works would hold a hearing on Washington Union Station Monday, July 20. It was suggested that Mr. Rood apply for permission to appear in that hearing.

4. Mr. Rood immediately telephoned (as suggested) to Mr. Hal Brayman of this Subcommittee's staff, who was reported to be organizing the July 20 hearing. Mr. Rood was advised by Mr. Brayman's assistant, Miss Karen Auth, to submit a letter applying for permission to appear on July 20, and to address his letter to Senator Abdnor, who, she said, would preside at the July 20 hearing.

5. Mr. Rood wrote such a letter and took it to Mr. Brayman's office on Wednesday July 15. Mr. Brayman said that he was too busy to discuss the matter but would take Mr. Rood's letter (and enclosures) under Advisement and would call him by telephone on the morning of Thursday July 16.

6. Not hearing from Mr. Brayman, Mr. Rood telephoned him at 3 o'clock. Miss Auth took the phone call and reported that Mr. Brayman had decided not to allow Mr. Rood to appear in the hearing.

7. Mr. Rood asked for only 5 minutes of oral appearance. This is a serious matter of great importance. After having followed the problems of Union Station and National Airport since 1954, Mr. Rood is convinced that the proposed opening of Union Station to air traffic will restore its activity as a monumental gateway to the National Capital for through domestic and international travelers, fully activating its designed purpose once more. The airport would be connected by special trains requiring not more than 30 minutes.

8. Mr. Rood only wants to inject this proposal into the planning dialogue firmly and clearly. Responsible statesmanship should not allow it to be disposed of by suppression sub silentio. He appeals to the full Subcommittee from the exclusion of his testimony on July 20.

Armistead B. Rood

ARMISTEAD B. ROOD
3520 THIRTY-FIFTH STREET, N.W.
WASHINGTON, D.C. 20016
(202) 363-7275

April 30, 1981

STATEMENT TO THE SENATE COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION

SURFACE TRANSPORTATION SUBCOMMITTEE

on

WASHINGTON UNION STATION

I want to put on the record and insert into the planning process my proposal to restore the Washington Union Station to its splendid historic purpose---to stand as the magnificent entrance from the world into the American national capital. I have proposed to do this by opening Union Station as the inner city Washington terminus of the long-distance airlines from all parts of the world---in addition to its established use as the Washington station for railroad trains.

Many will remember the protracted controversy during the 1950's over the subject of an additional airport. National Airport was saturated and two questions were raised: should a new airport be built, and if so where? It was decided that the federal government would build and operate a new airport at Burke, over in Fairfax County, Virginia. But the good people of Burke objected so powerfully that the decision was withdrawn and the uproar resumed.

I had been serving in a team of lawyers engaged in drawing a federal highway act that would create the Interstate Highway System. While engaged in that work at the Bureau of Public Roads I was shocked by the lack of collaboration in the public planning process on behalf of different modes of transportation. In that case it was the lack of collaboration of highway planning with railroad planning. But in the case of Washington Union Station there was a lack of collaboration between railroad planning and planning for airlines. The airport planners were oblivious to the fact that on the most active railroad passenger train route between Washington and Baltimore the Friendship International Airport was adjacent to the railroad.

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In those days Friendship Airport was only about 10 per cent utilized. It was one of the two East Coast airports that could accomodate the jet planes, which were coming into civil aviation use. It served Baltimore and it could serve Washington. Indeed, its present management has been emphasizing its availability for Washington traffic by renaming it the Baltimore - Washington International Airport. I clocked a train from New York that I was riding on from the time when we passed over the switch for a sidetrack at the airport reservation until the time when we stopped dead in Union Station, Washington. That time was 26 minutes 20 seconds. It was an old-style train.

I was retained by the Greater Baltimore Committee to develop the idea of opening Union Station as the inner city Washington airlines terminal. In those days Union Station was held by the Pennsylvania Railroad Company and the Baltimore & Ohio Railroad Company. The terminal superintendant believed that I had found the solution for his magnificent white edifice which the owning companies regarded as a magnificent white elephant.

Congress made a new decision and delegated to the President the question of where to locate a new airport. Our group argued that there should not be any new airport until Friendship (that is, the B.W.I. airport as it is now called) should become fully utilized. The President delegated the question to his aviation advisor, and he delegated it to an outside consulting firm that specialized in building large airports. The consultant firm delegated the traffic question to a man in Cambridge, Massachusetts, who reported that Friendship Airport (B.W.I.) was not available because it would be saturated by 1965. If you went through the appendices in the report you could discover that he determined that Friendship Airport would be saturated by the simple device of arbitrarily allocating 135,000 private airplanes to Friendship. We denounced that estimate as phoney, but we were not able to stop the drive to build a new project that was estimated to generate $100,000,000 in public expenditures by the time it got entirely finished. Nor were we able to get the support of the federal aviation administration. That was because the federal administration did not manage Friendship Airport, and they wanted to have a new airport which they would run. So the Dulles Airport was built.

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In 1978 I submitted a written statement to this Subcommittee, which was printed in the appendix to the Hearing of June 8, 1978, Serial No. 95-111, on S. 2995. In that statement I went into more detail. */

Since then a way station has been opened on the railroad where it passes the western boundary of the airport reservation. It is listed in the Amtrak time table between Washington and Boston as BWI Rail Station. But when people have congratulated me and said that I made my point I had to disagree.

1. The BWI station is not at the airlines terminal building. It is a mile away. Under last week's Amtrak schedule, if you came into the airport by jet plane from Seattle, London, or wherever, you were free to work your way to the railroad station (which is completely invisible from the airport, being separated by a patch of woods). If you got over to the railroad station somehow, the Amtrak schedule called for a train to stop there on its way from Philadelphia at 8:34 a.m. If you were not early enough for that you could wait for the next train, which came down from New York and was scheduled to stop at 11:58 a.m. But if you missed that there was a train coming down from Boston, more than 400 miles away, which was scheduled to stop at 3:47 p.m. Two more New York trains stopped there after six o-clock in the evening. That is all that the Amtrak time table showed last week. (I understand that the new time tables out this week make no significant change for the BWI station.)

2. There is no frequency of service to or from Union Station.

3. There are no long-distance travel amenities. You handle your own luggage. There is no special train for the airline passengers, no special car, no special seats. You take potluck with the long-distance trains.

4. Nor is there any service for airline passengers at Union Station.

The opening of the B.W.I. railroad station has not helped the Union Station. But it has accomplished one result. The station outside the airport calls attention to the fact that the railroad does lie at the boundary of the vast airport reservation. It ought to stimulate some constructive imagination about the great service that really could be provided, and the great potential benefit to Union Station.

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*/ Copy on request.

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How it ought to be organized

Suppose that you should step over to Union Station from the Senate Office Buildings. Suppose that you should walk in, or be drawn up in your taxicab, or that you come to Union Station on the wonderful new subway. Perhaps you come from your home and park your automobile in the station garage that will be opened one of these days.

At the magnificent portal to Union Station you are greeted by an airline porter who takes your heavy luggage and speeds it on its way. You go inside to that beautiful waiting room, in which the floor has been restored, and you walk over to the booth of your airline, whatever it is—American Airlines, Eastern, T.W.A., Northwest Orient, or British Airways, Pan-American, Air France, or any of the other long-distance lines. You buy your airplane ticket (if you don't already have it), you check in at that booth, you walk to the great concourse room, where the train gates have been restored, and you go through the gate, just as you do at Dulles Airport today. You then board a waiting train. In the 1950's such a train would have only one or two cars, but now that jet planes carry so many passengers your train might be longer. It would be a special train, designed especially to accomodate long-distance air travelers. You would be comfortable in it. You would pay a fare comparable to the present bus fare.

You would now have made your flight. The electric train (without the need for a separate locomotive) would zip you out to the airport, 32 miles away. A spur would have been built into the airlines terminal building at the airport. You would get there in 30 minutes. Then you would proceed to board your plane and up, up, away.

You would have made your flight when you checked in at Washington Union Station. Your train would carry air mail right from the main post office.

This only requires imaginative planning. National Airport would continue for the short runs. The Friendship (B.W.I.) Airport would serve Greater Baltimore as well as Greater Washington.

I submit that to add this long-distance airplane terminal service to the regular railroad train services at Union Station would make Union Station financially feasible.

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The role of Congress

We are dealing in the realm of public transportation services of carriers by railroad and carriers by airplane, all performed under public franchise granted and controlled by the Republic and by the State of Maryland, acting through their respective governments.

The supervision of public transport franchises is a function of the Legislative Branch. Congress has delegated such matters to its administrative agency, the Interstate Commerce Commission. But this sort of intermodal collaborative planning is something for Congress to supervise directly. This is particularly true when dealing with the Federal City.

Let us restore that wonderful Union Station to its proper role, as the most beautiful and inspiring gateway to the most beautiful national capital in the world.

This kind of coordinated service is being developed in other countries. The next time you travel from Paris to London, go over to the Gare du Nord and take the lovely little train that whisks out to Le Touquet Airport, where you board the airplane to cross the English Channel to Gatwick Airport. There you step into the waiting train and zoom right into Victoria Station in the heart of London.

We can do it, too. After this kind of service was established to and from Union Station, it might become contagious. The Pennsylvania Station in New York could be connected in the same way with the Kennedy Airport on Long Island. There are other opportunities in several of our cities. But Washington is the best of all.

I thank the Chairman and the Subcommittee for granting me this appearance as a concerned citizen. I submit this proposal to the Subcommittee and ask that steps be taken to make sure that this proposal will be imaginatively and carefully studied, without prejudice.

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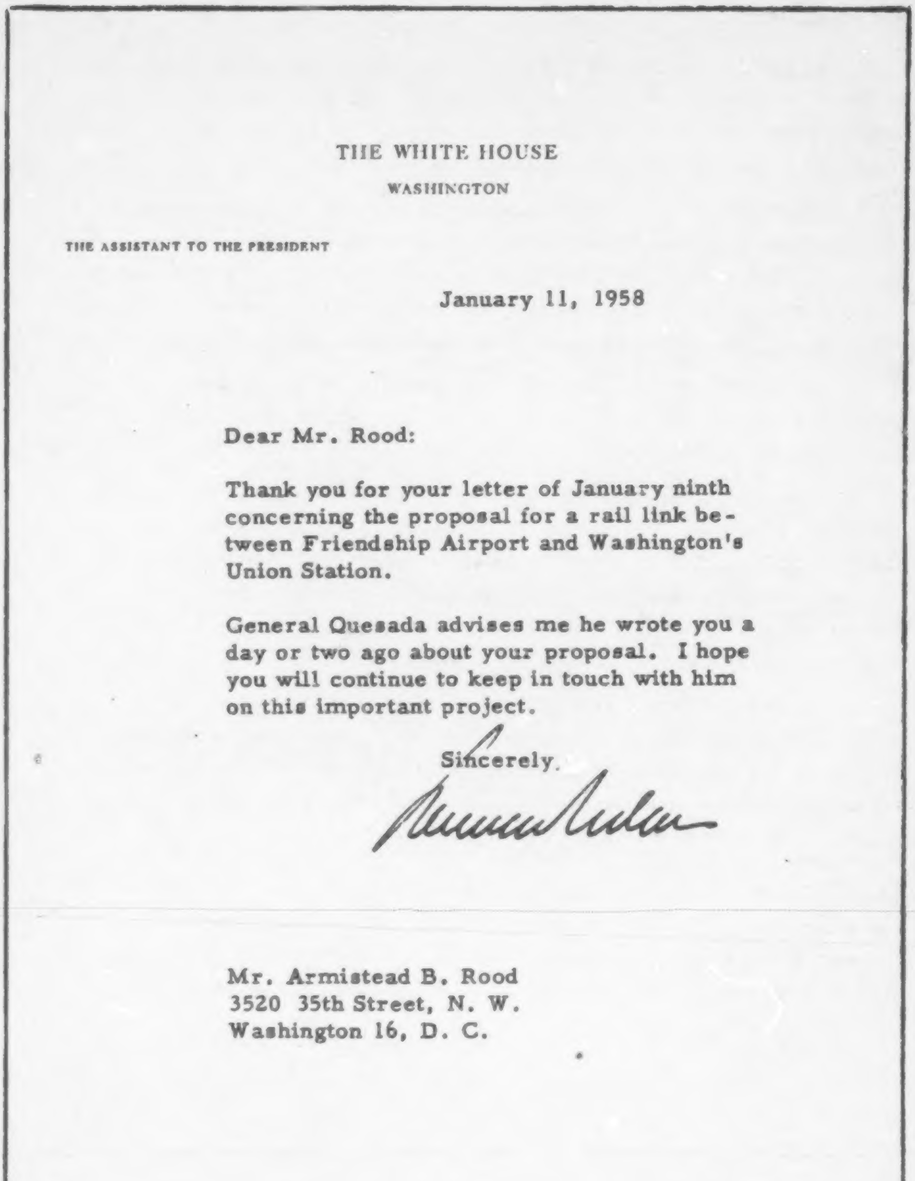

THE WHITE HOUSE
WASHINGTON

THE ASSISTANT TO THE PRESIDENT

January 11, 1958

Dear Mr. Rood:

Thank you for your letter of January ninth concerning the proposal for a rail link between Friendship Airport and Washington's Union Station.

General Quesada advises me he wrote you a day or two ago about your proposal. I hope you will continue to keep in touch with him on this important project.

Sincerely,

Mr. Armistead B. Rood
3520 35th Street, N. W.
Washington 16, D. C.

Senator Stafford, honorable committee members, my name is Richard W. Carr; I am the vice president for acquisitions for the Oliver T. Carr Company, and I would like to thank you for inviting our comment and views on the subject of renovating Union Station. Our company has been involved in development in Washington for the past 75 years, and we are presently the largest local developer building in the City. It is my hope that some of our insight and experience in this marketplace will be helpful to you as you decide how Union Station will be rescued from its current plight.

It is our understanding that the essential purposes of this legislation are to provide for the preservation of the historically and architecturally significant features of the station; to restore the station to its function as a major transportation terminal; to complete the redevelopment work with funds which have been previously authorized for the Northeast Corridor Improvement Program and from Interstate Highway funds; and, to establish Union Station as an economically self-sufficient operation at the earliest opportunity.

We support these objectives, for we believe that first and foremost, Union Station is a railroad station. The issue of this building's fate must be considered in several relevant perspectives. On the regional level, Union Station serves as the southern terminus for the Northeast Corridor system. As such, it is one of Amtrak's busiest stations with passenger use projected to reach nine million per year by the year 1990. With the multibillion dollar investment in the Northeast Corridor, it is imperative that each station which is a link in the chain operate efficiently, or the whole system will suffer. If stations are not capable of handling the number of passengers for which the system is being upgraded, then the whole purpose of the program is defeated.

From the local perspective, it is important that Union Station complement the other types of development which the City is fostering downtown and for which extensive planning is now underway. The experience of the Visitor's Center is all too fresh in our minds and, certainly, a similar experience should be avoided. The failure of the center may be attributed to two primary factors; the facility was never completed as planned and therefore never capable of providing its complete intended purpose; and, incomplete (without extensive parking), it was not in a location that most tourists would choose to visit, except in transit. It is important, therefore, when developing new plans for the station to avoid trying to make it something other than a railroad station, if the station will be at a competitive disadvantage with other downtown projects.

Clearly, the federal government is interested in taking what amounts to an eroding investment; bringing a halt to the physical and economic problem; and, transferring the ultimate product to the appropriate operators on a non-subsidized basis. The way to achieve this objective is to take steps today to cause a rational plan to be developed for the use of the station which will be immediately followed with construction and operation. Further delay will only result in increased cost and possibly the loss of some of the funds upon which this whole program is based. If this project will cost $80,000,000, for example, then the total project cost is going up at the rate of over one million dollars a month.

To achieve these objectives and to avoid some of the problems of the past, a project plan is needed which takes into account the requirements of a fully-operational railroad station, at projected future ridership; the potential contribution of ancillary space in the building; the relationship of the station building to surrounding uses, both existing and planned; the relationship of new plan options to the existing building configuration; the cost of constructing specific alternatives; issues related to the City and the Northeast Corridor; the requirements for a modified visitor's facility; and, a schedule to meet funding requirements. The final plan should provide for moving in some comfort the people who will be arriving at and departing from Union Station by train, bus, metro, cab, car, bicycle and on foot. It should provide support services in the form of restaurants, shops and waiting areas as well as visitor and traveler services. Any space not needed for passenger or transportation service in the station complex should be used to produce income to the facility. Obviously, design should be for least cost in construction and operation.

Surely, the station can have more food service and retail than it has had in the past, but if the person who is designing the project does not ask the question, "Where will 25,000 people a day sit?" We may end up with another visitor's center. Further, unless this job is begun soon, there will be little hope of having the station pay its own way at any time.

Union Station can be a great railroad station. If you act to save it now, as you have outlined in proposed legislation, this objective can be achieved. If we at the Carr Company can be of any assistance in this undertaking, we would be pleased to be of service.

AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INC.

1725 DE SALES STREET, N.W., WASHINGTON, D. C., 20036 TEL. 347-2315

OFFICE OF THE PRESIDENT

JUL 2 [illegible]

July 24, 1981

The Honorable Robert T. Stafford
Chairman
Committee on Environment and Public Works
United States Senate
4204 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Mr. Chairman:

As the spokesman for the nation's major manufacturers of airplanes, aircraft engines, helicopters and related components and equipment, the Aerospace Industries Association takes a close interest in the orderly development of the infrastructure needed to put the safe, well-designed aviation products available today to their best use. Since the early 1950's, we have supported the construction of a downtown public-use heliport in Washington, D. C., the southern terminus of the Northeast Corridor. In our view, a revitalized Union Station, lately the subject of hearings before the Environment and Public Works Committee, offers an ideal site for such a facility. In fact, as you are no doubt aware, a heliport was included in the original authorization for the Visitors Center complex.

Access to downtown Washington by helicopter is long overdue as surface transportation becomes more congested. A system of public-use heliports would provide expeditious access to the Nation's Capital and would link the city and nearby suburban areas, Dulles and National Airports, and other city centers within short-haul range (for example, Washington-New York, Washington-Philadelphia).

The helicopter overflies ground congestion and utilizes the airspace available below the heavily traveled jet corridors. Moreover, the helicopter can take off and land safely from comparatively small and simple ground-level and rooftop heliports. It requires no expensive right-of-way.

The listings in the enclosed AIA 1980/81 Directory of Helicopter Operators show that within a 350-mile radius of Washington, D. C. there are more than 900 commercial, corporate and civil government helicopters -- potential users of a Washington public-use heliport.

For many reasons, we feel that Union Station offers the ideal location for such a heliport. Only a short walk from the Capitol, the site would expedite transportation for legislators, Government officials, visiting foreign dignitaries, business leaders, and the traveling public and provide convenient connections with trains, Metro, and Dulles and National Airports. By diverting business helicopter traffic from National Airport, in particular, it would help relieve the frequent delays that beset both ground and air traffic. A Union Station heliport would provide new revenue and job opportunities for the city as well as offering a form of transportation uniquely suited to emergency or evacuation situations.

For all of the foregoing reasons, we would like to express our wholehearted support for S. 1192, which would not only revive the historic Union Station structure and rededicate it to its original purposes, but would thrust Washington into the ranks of major American cities making productive use of modern helicopter transportation with its myriad advantages. It is our understanding, moreover, that S. 1192 would permit private funding for completion of the parking garage and development of the heliport portion of the facility, thus putting this service on a paying basis at no cost to the taxpayers. We commend the introduction of this measure and urge your support.

Thank you for considering our views in this matter. If it is appropriate, we would appreciate inclusion of our comments in the record of the hearings recently held on this subject by your Committee.

Yours very truly,

Karl G. Harr, Jr.

Enclosure

II

97TH CONGRESS
1ST SESSION

S. 548

Entitled the "Union Station Act".

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24 (legislative day, FEBRUARY 16), 1981

Mr. MOYNIHAN (for himself, Mr. RANDOLPH, and Mr. STAFFORD) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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A BILL

Entitled the "Union Station Act".

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Union Station Act of 1981".

SEC. 2. Section 101 of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 801) is amended by redesignating the existing section as subsection (a) and adding the following new subsection:

"(b) On or before October 1, 1981, the Secretary shall assign to the Secretary of Transportation all right, title, and interest in each agreement and lease entered into with the company pursuant to the preceding subsection prior to such date. The Secretary of Transportation shall sublet to the Secretary such portion of the Union Station Building, other than the main waiting room or concourse, as they may agree is appropriate for use as a National Visitor Center. The Secretary of Transportation shall operate, or cause to be operated, that portion of the Union Station Building not so sublet, including the basement, as a rail passenger terminal, and may lease, or cause to be developed, any portion of such space for commercial retail, dining, entertainment, educational, and informational activities.".

SEC. 3. Section 102(a) of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 802(a)), is amended—

(1) by amending paragraph (3) to read as follows:

"(3) The Secretary of Transportation shall construct or cause to be constructed, a parking structure, including approaches and ramps for adequate circulation, in the air space northerly of and adjacent to the existing Union Station Building, the main deck of which shall be used only for local bus operations, which structure shall provide space for one thousand four hundred automobiles. Such structure shall continue to be leased to the United States as a part of the facilities to be leased to the United States pursuant to section 101(a) of this title: *Provided, however,* That the automobile spaces provided hereunder shall be available only to rail passengers, visitors to the National Visitor Center, and patrons of activities in the Union Station Building, and such restriction shall be enforced by a mechanism agreed upon by the Secretary and the Secretary of Transportation.".

(2) by amending paragraph (4) to read as follows:

"(4) The Company shall cease construction of the new railroad passenger station in the area beneath and adjacent to the parking structure referred to in paragraph (3) of this subsection, and shall assign to the Secretary of Transportation all of the Company's rights and obligations (including, without limitation, occupancy, operation, and maintenance) in, to, or concerning a rail passenger station at Union Station and, upon such assignment becoming effective, shall cease operations of a rail passenger station at Union Station;"

(3) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and" and by adding at the end thereof the following new paragraph:

"(9) The rental paid by the Secretary under the sublease entered into pursuant to section 101(b) of this title shall be a fair and equitable share of the cost of renting or purchasing and operating and maintaining Union Station, taking into account the respective fair market rental values and operating and maintenance costs of the space sublet to the Secretary and of the remainder of Union Station.".

SEC. 4. Section 109 of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 807) is amended by redesignating the existing section as subsection (a) and adding the following new subsections:

"(b) The Secretary of Transportation is authorized to—

"(1) use funds received from operations of that portion of the Union Station Building not sublet in accordance with section 101(b) of this Act, including revenues from the parking facility, to pay costs of operating, maintaining, and leasing such portion;

"(2) expend funds appropriated pursuant to section 704(a)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)) to carry out rail passenger operations under this Act without regard to the matching funds requirement of section 703(1)(B) of such Act (45 U.S.C. 853(1)(B)); and

"(3) waive such statutory or contractual restrictions on the parking structure and associated ramps constructed under authority of section 102(a)(3) of this Act as would otherwise be required or imposed because

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funds for such construction were or are provided under the Urban Mass Transportation Act, as amended.

"(c) The Secretary is authorized to use funds received through the operation of the space sublet pursuant to section 101(b) of this Act to pay the costs of operating and maintaining such space.

"(d) Funds obligated under this title after the date of enactment of this subsection shall be expended subject to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5). Every contract for construction, alteration, renovation, or repair of any facility authorized by this title which is entered into under this title after the date of enactment of this subsection shall be bid competitively on a fixed-price basis.".

SEC. 5. The National Visitor Center Facilities Act of 1968 is further amended by renumbering section 110 as section 111 and by adding immediately after section 109 the following new section:

"SEC. 110. (a) Notwithstanding any other provision of law, the Architect of the Capitol, under the direction of the House Office Building Commission, is authorized, subject to such conditions as the Architect of the Capitoi may prescribe, to enter into a contract or other agreement with the Secretary of Transportation pursuant to which the Architect of the Capitol will furnish steam from the Capitol Power Plant to the Union Station.

"(b) Any such contract or agreement shall include provisions pursuant to which the Secretary of Transportation agrees (1) to pay for such steam at rates, not less than cost, determined by the Architect of the Capitol, with the approval of the House Office Building Commission, and (2) to connect the Union Station with the Capitol Power Plant steam lines without expense to the Congress, and in a manner satisfactory to the Architect of the Capitol and the House Office Building Commission.

"(c) The Secretary of Transportation is authorized to design and construct steam lines and connections with the Capitol Power Plant steam lines in accordance with plans approved by the Architect of the Capitol and the House Office Building Commission, and to acquire interests in land, excepting the Capitol grounds, necessary for such purpose. The Secretary of Transportation shall bear all expenses associated with providing the steam lines, including the expenses of steam line design, construction, and connection.".

SEC. 6. Section 111 of the National Visitor Center Facilities Act of 1968, as redesignated by the preceding section, is amended by striking the first sentence and inserting in lieu thereof the following: "The Secretary shall take such action as may be necessary to assure that all laborers and mechanics employed by contractors and subcontractors on alterations to that portion of the Union Station Building known as the Presidential Suite authorized by section 102(c) of this Act shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the locality as determined by the Secretary of Labor, in accordance with the Act of March 3, 1931, as amended, known as the Davis-Bacon Act (46 Stat. 1494, 40 U.S.C. 276a—276a–5). The Secretary of Transportation shall take such action as may be necessary to assure that all laborers and mechanics employed on alterations to the remaining portion of the Union Station Building authorized by section 102(c) of this Act or employed on construction authorized by sections 102(a)(3) and 110(c) of this Act or section 4(h) of the Department of Transportation Act (49 U.S.C. 1653(h)) are paid in accordance with the preceding sentence.”.

SEC. 7. (a) Section 102(c) of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 802(c)) is amended to read as follows:

“(c) The Secretary shall undertake by competitive bidding on a fixed-price basis such alterations to that portion of the Union Station Building sublet pursuant to section 101(b) of this Act as are necessary to provide for visitor facilities. The Secretary of Transportation shall—

“(1) undertake by competitive bidding on a fixed price basis such alterations to that portion of the Union Station Building not sublet pursuant to section 101(b) of this Act as are necessary to provide for ticket sales, baggage handling, and waiting areas; and

"(2) provide, or cause to be provided, such services as are necessary or desirable for the benefit of rail passengers, and of visitors to the National Visitor Center: *Provided, however,* That no such service shall be provided without the concurrence of the Secretary.

The Secretary and the Secretary of Transportation may exercise the authority under this subsection without regard to whether or not title to the Union Station Building or the airspace adjacent thereto is in the United States.".

(b) Section 102 of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 802) is further amended by adding at the end thereof the following new subsection:

"(d) Of the funds authorized to be appropriated by section 109 of this Act—

"(1) not to exceed $1,000,000 shall be available to the Secretary for the alterations required by the preceding subsection, and

"(2) not to exceed $40,000,000 shall be available to the Secretary of Transportation for the purpose of implementing sections 102(a)(3), 102(c) and 110(c) of this Act.".

SEC. 8. The National Visitor Center Facilities Act of 1968 is further amended by adding at the end thereof the following new section:

"SEC. 112. The Secretary and the Secretary of Transportation shall transmit in a timely manner—

"(1) final plans for all construction or alteration authorized by this Act, and

"(2) the enforcement mechanism agreed to in accordance with section 102(a)(3) of this Act,

to the Committee on Public Works and Transportation of the House of Representatives and the Committees on Environment and Public Works, and Commerce, Science, and Transportation, of the Senate.".

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II

97TH CONGRESS
1ST SESSION

S. 1192

[Report No. 97-70]

To amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 15, 1981

Mr. PACKWOOD from the Committee on Commerce, Science, and Transportation, reported, under authority of the order of the Senate of May 13 (legislative day, April 27), 1981, the following original bill; which was read twice and referred to the Committee on Environment and Public Works pursuant to the order of May 12, 1981

A BILL

To amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Union Station Completion Act of 1981".

SEC. 2. The Congress finds and declares that—

(1) Union Station in Washington, District of Columbia, commissioned by Congress in 1903, designed by Daniel H. Burnham in monumental Beaux Arts style, and completed by the Washington Terminal Company in 1907, is an important historic and architectural landmark of the Nation's Capital;

(2) Union Station was built and used exclusively as a rail passenger station until Congress decided to make the historic Union Station building a National Visitor Center in 1968, allocating rail passenger operations to a replacement facility behind the historic building;

(3) the use of rail passenger service to and from Washington, District of Columbia, declining when the National Visitor Center Facilities Act of 1968 was enacted, has dramatically increased since that time with the advent of and substantial Federal investment in the National Railroad Passenger Corporation and the northeast corridor improvement project, justifying a reversal of the policy adopted 13 years ago;

(4) the historic Union Station building is now unsafe and unusable, and the replacement railroad station is inconvenient and inadequate for present and projected rail ridership demand;

(5) it is in the national interest to preserve the architectural features of Union Station and to provide in Union Station a sound and fully operational transportation terminal; and

(6) the purposes of this Act are to achieve the goals of historic preservation and restored rail use of Union Station with maximum reliance on the private sector and minimum requirement for Federal assistance.

SEC. 3. Section 101 of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 801) is amended—

(1) by inserting "(a)" before the first sentence;

(2) by striking all after "Union Station," in subsection (a), as redesignated by paragraph (1), and inserting in lieu thereof the following: "for use primarily as a transportation center for the national capital area, and secondarily as a national visitor center and commercial complex."; and

(3) by adding at the end thereof the following:

"(b) Upon the request of the Secretary of Transportation, the Secretary shall assign to the Secretary of Transportation all of the Secretary's right, title, and interest in the Union Station complex, including all agreements entered into under this section. Prior to such assignment, the Secretary shall permit the Secretary of Transportation to carry out or cause to be carried out the activities authorized in section 111 of this title. Nothing in this subsection shall be construed to prohibit the Secretary from carrying out repairs at Union Station prior to such assignment. Such assignment may reserve to the Secretary such provision for visitor services as the Secretary and the Secretary of Transportation may determine.".

SEC. 4. Title I of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 801 et seq.) is amended by adding at the end thereof the following:

"SEC. 111. (a) The Secretary of Transportation shall provide for the rehabilitation and completion of Union Station as a multiuse transportation terminal serving the Nation's Capital, and as a commercial and visitor center, in accordance with the following goals:

"(1) Preservation of the exterior facade and other historically and architecturally significant features of the Union Station building, including but not limited to the main hall, the east and west wings, the Presidential suite, and the concourse.

"(2) Restoration and operation of the primary functions of an intermodal rail passenger station, including but not limited to ticketing, baggage handling, and limited short-term parking and holding facilities for the intercity bus industry in the historic Union Station complex.

"(3) Commercial development in or relating to Union Station that will, to the extent possible, financially support continued operation and maintenance of the Union Station complex.

"(4) Withdrawal by the Federal Government from any active role in the operation and management of Union Station as soon as possible and at the least possible Federal expense consistent with the goals set forth in paragraphs (1) through (3) of this subsection.

"(b)(1) In order to achieve the goals set forth in subsection (a) of this section, the Secretary of Transportation is authorized to select and subsequently enter into agreements with one or more responsible private developers, in accordance with selection procedures and criteria and on such terms and conditions as the Secretary of Transportation shall prescribe: *Provided,* That no private development of Union Station shall be authorized that is inconsistent with the goals set forth in subsection (a) of this section.

"(2) Agreements entered into between the Secretary of Transportation and any private developers may, at the discretion of the Secretary of Transportation, be in the form of contracts or cooperative agreements or any combination thereof, and may provide for financial assistance in any form determined by the Secretary of Transportation to be appropriate, including, without limitation, direct transfer of funds, services of Federal personnel, transfer of interests in property, loans, loan assistance, or loan guarantees. Such agreements may also provide for reimbursement or credit by the developer to the Secretary of Transportation for goods or services provided or interests in property acquired by the Secretary of Transportation.

"(3) The Secretary of Transportation is further authorized to enter into such other agreements and contracts with such persons, corporations, financial institutions, Federal, regional, or local agencies, or the Architect of the Capitol as the Secretary of Transportation deems necessary to carry out the purposes of this title.

"(c) The Secretary of Transportation shall undertake and complete or cause to be completed such repair, rehabilitation, alteration, and improvement of the Union Station complex as the Secretary of Transportation deems necessary or desirable to carry out the purposes of this title, including but not limited to rehabilitation of the Union Station building, completion of the parking facility and associated ramps northerly of and adjacent to the Union Station building, restoration of rail passenger handling facilities in the Union Station building, and reconfiguration of the railroad tracks serving Union Station.

"(d)(1) The Secretary of Transportation is authorized to acquire for the United States, by lease, purchase, condemnation or otherwise, any interest in real property (including, without limitation, interests in the nature of easements or reservation and any other property interest (including, without limitation, contract rights) in or relating or adjacent to Union Station the Secretary of Transportation deems necessary to carry out the purposes of this title.

"(2) Notwithstanding any other provision of law, the Secretary of Transportation is authorized to maintain, use, operate, manage, and lease, either directly or by contract, and to sell or otherwise dispose of, any property interest held or acquired by the Secretary of Transportation for the United States under this title, in such manner and subject to such restrictions, reservations, covenants, and easements as the Secretary of Transportation deems necessary to carry out the purposes of this title.

"SEC. 112. (a) The Secretary of Transportation is authorized, on such terms and conditions as he may prescribe, to release the Washington Terminal Company and its successors and assigns from any or all of its obligations under any of the agreements and leases entered into under section 101 of this title, including, without limitation, the obligation to construct a new railroad passenger station as provided in section 102(a)(4) of this title.

"(b) Upon the request of the Secretary of Transportation and without regard to any other law, the Washington Terminal Company, or any successors or assigns after March 12, 1968, shall assign to the National Railroad Passenger Corporation established under the Rail Passenger Service Act (45 U.S.C. 501 et seq.) (hereafter in this title referred to as "Amtrak") all of the rights and obligations (including, without limitation, occupancy, operation, and maintenance) held by the Washington Terminal Company or its successors or assigns in, to, or concerning a rail passenger station at Union Station. Amtrak is authorized to contract with the Washington Terminal Company for the use of services or facilities that are not assigned to Amtrak under this subsection.

"(c) After the assignment provided for in subsection (b) of this section, Amtrak shall operate a rail passenger station at Union Station. In accordance with a schedule and space allocation plan determined by the Secretary of Transportation, in consultation with Amtrak, which shall be consistent with the rehabilitation and completion program authorized by section 111 of this title, the Secretary of Transportation shall lease or cause to be leased by Amtrak not less than forty thousand square feet of space in the Union Station building, together with necessary ancillary facilities. Amtrak shall enter into such lease and shall thereafter use and operate such leased space as a rail passenger station. Amtrak shall pay the Secretary of Transportation or his assign or designee the fair market rental value of such space, together with an equitable share of operating and maintenance costs for the rail passenger station space (to the extent not included in the computation of the rent) and for appropriate common-use areas of the Union Station complex.

"SEC. 113. The Architect of the Capitol is authorized to enter into agreements with the Secretary of Transportation providing for the Architect of the Capitol to furnish steam and chilled water from the Capitol Power Plant to the Union Station complex. Under any such agreement the Secretary of Transportation shall pay for such steam and chilled water at rate not less than cost. The Secretary of Transportation shall provide for connection of the Union Station complex with the Capitol Power Plant steam lines and chilled water lines at no expense to the legislative branch, and only in accordance with plans approved by the Architect of the Capitol and the House Office Building Commission.".

SEC. 5. Section 109 of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 807) is amended—

(1) by inserting "(a)" before the first sentence; and

(2) by adding at the end thereof the following:

"(b)(1) The Secretary of Transportation is authorized to use income and proceeds received from activities authorized by this title, including, without limitation, leasing income and private capital contribution to the rehabilitation of Union Station, to pay expenses incurred by the Secretary of Transportation in carrying out the purposes of this title, including, without limitation, construction, acquisition, leasing, operation, and maintenance expenses.

"(2) A special deposit account is hereby established in the Treasury, to be known as the Union Station Fund, which shall be administered as a revolving fund. Such special deposit account shall be credited with receipts of the Secretary of Transportation from activities authorized by this title, and the balance in such special deposit account shall be available for making payments authorized by this title. Such special deposit account shall terminate upon notification by the Secretary of Transportation to the Secretary of the Treasury, or on September 30, 2001, whichever first occurs.

"(c)(1) Of all funds appropriated under section 704(a) (1) and (2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a) (1) and (2)), not less than $45,000,000 shall be available to the Secretary of Transportation to carry out the purposes of this title.

"(2) If, subsequent to rehabilitation of the Union Station complex, the Secretary of Transportation receives funds from private developers pursuant to agreements entered into under section 111(b) of this title in excess of the amounts made available under paragraph (1), the Secretary of Transportation shall reimburse the funds appropriated under such section 704(a) (1) and (2) in the amount of such excess.

"(3) The Secretary of Transportation shall use funds appropriated pursuant to section 702(a)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854(a)(2)) to carry out the purposes of this title without regard to the matching funds requirement of section 703(1)(B) of such Act (45 U.S.C. 831(1)(B)).

"(4) No funds shall be made available under paragraph (1) of this subsection until the Secretary of Transportation approves funds sufficient to complete the parking facility and associated ramps at Union Station for the District of Columbia government under section 142 of title 23, United States Code.

"(d) The Secretary of Transportation is authorized to waive such statutory or contractual restrictions on the parking structure and associated ramps northerly of and adjacent to the Union Station building as would otherwise be required or imposed because funds for such construction were or are provided under the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.).

"(e) The Secretary of Transportation shall approve the completion of the parking facility and associated ramps at Union Station as a project on the Interstate Highway System in the District of Columbia under section 142 of title 23, United States Code. The Federal share shall be 100 percent of the total cost of such project. Such parking facility shall not be subject to subsection (f) or to the last sentence of subsection (a)(1) of section 142 of title 23, United States Code. Automobile spaces provided in the parking facility shall be available to rail passengers, visitors to the Visitor Center, and patrons of activities in the Union Station complex.".

SEC. 6. Section 102(a)(7) of the National Visitor Center Facilities Act of 1968 (40 U.S.C. 802(a)(7)) is amended by inserting before the semicolon the following: ": *Provided*, That the Secretary is authorized to purchase the property interests so leased, for an additional annual cost not to exceed $275,000 for not to exceed 6 years, without regard to the provisions of title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4651 et seq.)".

SEC. 7. Within 12 months after the date of enactment of this Act, the Secretary of Transportation shall submit to the Committees on Commerce, Science, and Transportation, and Environment and Public Works, of the Senate and the Committee on Public Works and Transportation of the House of Representatives a report on achieving the goal relating to commercial development set forth in section 111(a)(3) of the National Visitor Center Facilities Act of 1968, as added by section 4 of this Act. Such report shall include information relating to the number of contracts entered into pursuant to such Act, the income derived from such contracts, and such other information as the Secretary of Transportation deems appropriate.

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 8. (a) The National Visitor Center Facilities Act of 1968 (40 U.S.C. 801 et seq.) is further amended—

(1) by striking "National" in the first section, in the heading of title I, and in sections 104, 106 and 201, wherever it appears;

(2) in the first section, by striking "of 1968";

(3) in section 102(a)(3), by striking "four thousand" and inserting in lieu thereof "1,400", and by striking all after "Building" through "years";

(4) in section 102(a), by striking paragraph (8), and by striking the period at the end of paragraph (7) and inserting in lieu thereof a period; and

(5) by adding at the end of section 106(b) the following: "The Secretary of Transportation shall annually submit a report to the Congress regarding rail facili-

ties at Union Station under the authority of the Secretary of Transportation pursuant to the provisions of this Act.".

(b) Paragraph (1) of the first section of the Act approved November 5, 1966 (Public Law 89-759) is amended by striking "National" and "of 1968".

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